

# The NATIONAL UNDERWRITER

FIRE·MARINE·CASUALTY·SURETY



## FINANCIAL STATEMENTS DECEMBER 31, 1949

VALUATIONS ON BASIS APPROVED BY NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Companies	Capital	Total Admitted Assets	Liabilities (except capital)	Surplus to Policyholders
Firemen's Insurance Company of Newark, N. J. Organized 1855	\$12,975,000.	\$91,178,165.	\$54,406,756.	\$36,771,409.
The Girard Fire & Marine Insurance Company Organized 1853	1,000,000.	9,297,967.	6,312,304.	2,985,663.
National-Ben Franklin Fire Insurance Company Organized 1866	1,000,000.	8,935,297.	5,898,881.	3,036,416.
The Concordia Fire Insurance Co. of Milwaukee Organized 1870	1,000,000.	9,011,092.	5,895,237.	3,115,855.
Milwaukee Mechanics' Insurance Company Organized 1852	2,000,000.	23,982,042.	16,002,417.	7,979,625.
The Metropolitan Casualty Insurance Co. of N. Y. Organized 1874	1,500,000.	32,672,213.	25,929,830.	6,742,383.
Commercial Casualty Insurance Company Organized 1909	1,000,000.	36,706,474.	29,257,840.	7,448,634.
Royal Plate Glass and General Ins. Co. of Canada Organized 1904	100,000.	371,949.	729.	371,220.

Pittsburgh Underwriters - Keystons Underwriters

WESTERN DEPARTMENT  
120 So. LaSalle Street  
Chicago 3, Illinois

SOUTHWESTERN DEPARTMENT  
912 Commerce Street  
Dallas 2, Texas

HOME OFFICE  
10 Park Place  
Newark 1, New Jersey



CANADIAN DEPARTMENTS  
465 Bay St., Toronto, Ontario  
535 Homer St., Vancouver, B. C.

PACIFIC DEPARTMENT  
220 Bush Street  
San Francisco 6, Calif.

FOREIGN DEPARTMENTS  
111 John Street  
New York 7, New York  
206 Sansome Street  
San Francisco 4, Calif.

THURSDAY, JUNE 8, 1950

# 25 Companies that **BACKBONE**

## World-Wide Protection!

### FIRE and MARINE COMPANIES

- AETNA INSURANCE COMPANY  
Hartford, Conn.
- THE AMERICAN INSURANCE CO.  
Newark, N.J.
- THE CONTINENTAL INSURANCE CO.  
New York, N.Y.
- FIDELITY-PHENIX FIRE INSURANCE CO.  
of New York, N.Y.
- FIRE ASSOCIATION OF PHILADELPHIA  
Philadelphia, Pa.
- FIREMAN'S FUND INSURANCE COMPANY  
San Francisco, Calif.
- GLENS FALLS INSURANCE COMPANY  
Glens Falls, N.Y.
- GREAT AMERICAN INSURANCE COMPANY  
New York, N.Y.
- HARTFORD FIRE INSURANCE CO.  
Hartford, Conn.
- THE HOME INSURANCE COMPANY  
New York, N.Y.
- THE PHOENIX INSURANCE COMPANY  
Hartford, Conn.
- SPRINGFIELD FIRE AND MARINE INS. CO.  
Springfield, Mass.
- ST. PAUL FIRE & MARINE INS. CO.  
St. Paul, Minn.
- UNITED STATES FIRE INSURANCE CO.  
New York, N.Y.
- WESTCHESTER FIRE INSURANCE CO.  
New York, N.Y.

### CASUALTY COMPANIES

- BANKERS INDEMNITY INSURANCE CO.  
Newark, N.J.
- CENTURY INDEMNITY COMPANY  
Hartford, Conn.
- FIDELITY & CASUALTY COMPANY  
of New York, N.Y.
- FIREMAN'S FUND INDEMNITY COMPANY  
San Francisco, Calif.
- GLENS FALLS INDEMNITY COMPANY  
Glens Falls, N.Y.
- GREAT AMERICAN INDEMNITY COMPANY  
New York, N.Y.
- HARTFORD ACCIDENT & INDEMNITY CO.  
Hartford, Conn.
- THE HOME INDEMNITY COMPANY  
New York, N.Y.
- NEW ENGLAND CASUALTY INSURANCE CO.  
Springfield, Mass.
- ST. PAUL-MERCURY INDEMNITY CO.  
St. Paul, Minn.

# AMERICAN FOREIGN INSURANCE ASSOCIATION

There's a world of security behind the world-wide protection offered through the American Foreign Insurance Association!

It's security represented in the individual strength and resources of the 25 outstanding American insurance companies listed at left. As members of American Foreign Insurance Association—and through its globe-girdling service and claims facilities—they offer insurance protection on American properties, goods, and personnel, in virtually every land.

When you insure a client through American Foreign Insurance Association, in its member companies, you put *behind* his protection the know-how of experience, the knowledge of foreign laws, restrictions and requirements.

Cover your clients' foreign risks through American Foreign Insurance Association!

## AMERICAN FOREIGN INSURANCE ASSOCIATION 80 MAIDEN LANE • NEW YORK 7, NEW YORK

CHICAGO OFFICE: INSURANCE EXCHANGE BUILDING, 175 WEST JACKSON BLVD., CHICAGO 4, ILLINOIS  
SAN FRANCISCO OFFICE: MILLS BUILDING, 220 MONTGOMERY STREET, SAN FRANCISCO 4, CALIFORNIA



COMPLETE INSURANCE COVERAGE IN FOREIGN LANDS

THE NATIONAL UNDERWRITER. Published weekly (with one additional issue in May and June) by the National Underwriter Company, Office of Publication, 175 W. Jackson Blvd., Chicago, Ill., U.S.A. 54th year, No. 28, Thursday, June 8, 1950. \$5.00 a year (Canada \$6.00). 20 cents per copy. Entered as second-class matter April 25, 1931, at the post office of Chicago, Ill., under Act of March 3, 1879.

## Installment Plan Is Retouched for North Carolina

**First Premium 108% of  
Annual—Five Year  
Factor is 4.2**

RALEIGH—North Carolina Fire Insurance Rating Bureau has filed with the state proposals for revising the installment premium payment plan.

A hearing on the proposals and any other suggestions regarding the plan will be held July 12. This will be a continuation of the three-day hearing held the first of March, which adjourned while the bureau prepared revisions requested by Commissioner Cheek.

Mr. Cheek directed the bureau to prepare revisions which would bring the plan into conformity with state laws and meet criticisms which were voiced during the March hearing.

### First Payment 108%

The changes proposed by the bureau would raise the amount of the first annual payment on the five-year term policy from 100% of the annual premium to 108%. Subsequent payments would remain the same as before, 78% of the annual premium. The first payment was increased, the bureau explained, "to compensate for the insured having the privilege to continue the policy in force for four successive years at reduced multiples of the one-year premium." This plan would make the five-year policy cost 4.2 times the annual policy.

Also, in response to the commissioner's instructions to indicate more specifically the method of cancellation in case of default in installment payments, and provide that coverage at no time exceed the face value of the property, the bureau recommended that these statements be added to the installment endorsement:

"Default in the payment of any installment shall be construed as a request of the insured to cancel their policy, in which case this company shall, upon demand and surrender of this policy, or after five days written notice to the insured, comply with the said request and refund the excess of paid premium above the customary short rate for the expired time."

"The amount of insurance hereunder shall not be reduced by the payment of a loss provided the liability of this company shall at no time exceed the actual cash value of the property at the time of any loss, but that portion of the premium applicable to the amount of any loss paid shall be considered as fully earned."

The bureau also proposed that the installment plan in the North Carolina manual be revised to eliminate all reference to use of the plan in connection with three-year policies.

### To Be Founders Ins. Co.

Directors of Founders Fire & Marine have authorized change of name of the company to Founders Ins. Co., the change to be made at a future date. The change was authorized because the company now is licensed in its home state as a multiple line insurer, and to meet requirements of other states.

## N.A.I.C. Gets Thorough Study of Reinsurance

A pamphlet of 68 pages has now been released, constituting a report of insurance department technicians to the N.A.I.C. subcommittee to study the question of reinsurance. This will form the basis of a meeting of the subcommittee at Quebec Saturday morning of this week. It is expected that a number of reinsurance people will be on hand at that time.

This is a thorough-going study of traditional and accepted reinsurance practices and of departures therefrom that have given the commissioners concern.

The subcommittee is headed by Downey of California and the technical group making the report consists of A. S. Escherich of California, chairman; George L. Harvey of Massachusetts and Ernest D. Gerye of Nebraska. Reading between the lines appear to be allusions to the Rhode Island Ins. Co. situation.

The study covers particularly seven points that the Downey committee raised in a resolution adopted last December. These include the question of allowance of credit on financial statements for non-admitted reinsurance, for alien reinsurance, for reinsurance when the reinsurer is not bound to carry the risk for any fixed term, but is free to terminate the cover at will or on very short notice.

### Brokerage Commission

Also the question presented by a contract providing for a sliding scale of commission to the ceding insurer, when the time for settlement and arrival at the fixed commission is at a future date. The question of commissions paid to reinsurance brokers that are officers or employees of insurers and that appear to give little or no service for their compensation. Again, the question of whether in making examination of insurers, more information should not be developed with reference to reinsurance contracts.

The final point in question is whether the blanks committee should be requested to amend the statement form to allow those who analyze statements to determine if an insurer has attempted to aid its surplus in an unwarranted manner by the device of reinsurance.

Technicians state that differences in state laws with respect to reinsurance ceded to non-admitted companies make it possible for an insurer to be considered solvent in one state and insolvent in another. They declare that the regulation for reinsurance is equally as important as other aspects of company operation and yet it seems to have been neglected in many jurisdictions. It is illogical to permit statements to be affected in a major way by credit on account of reinsurance transactions with companies concerning which almost nothing may be known, especially when the amounts claimed may be of doubtful collectibility.

### License Is Arbitrary Test

The actual value of reinsurance, the report states, cannot be determined on the arbitrary basis of whether the reinsurer is licensed in a particular state. Disallowance of credits on all cessions to unlicensed companies would simplify the regulatory task but if every state did this, a generally acceptable financial statement could not be produced and the task of the insurance companies would be monumental. The real object of state regulation is to protect the policyholder and not to penalize non-admitted reinsurers and hence there should be an effort to minimize the importance of admittance as a measure of the value of reinsurance credits.

The committee voiced the belief that a regulatory authority should be clothed with discretion with respect to allowing credit for reinsurance in non-admitted American companies. Care should be taken to avoid credit for large reinsurance placed with insurers of minor

financial responsibility, which then, by retrocession, become mere conduits for the placing of large premium volumes in unacceptable reinsurers, a practice sometimes called "flying a kite."

The report contains a summary of the responses to a questionnaire from the states and from the Canadian provinces on present laws and practices with respect to non-admitted reinsurance. Many states that deny reserve credits for non-admitted reinsurance construe their laws as applicable only to reinsurance of risks on property located within that particular state. A few states construe their laws as applicable only to domestic companies. Some states, including Massachusetts, New York, Ohio and Iowa, apply the restrictions nationwide.

On the question of alien reinsurance, the most obvious answer, according to the report, is to allow credit for such reinsurance only to the extent that the premium, plus the commission, is held in trust or withheld by the ceding insurer until such time as all or a portion of the premium is earned, the losses paid and the resulting profit or loss to the reinsurer determined.

This protects the ceding company not only against possible insolvency of the reinsurer, but against the possibility of loss arising through war or other international disturbances.

### Says Lloyds Is High Class

London Lloyds, the report states, differs from other alien reinsurers because of its relative familiarity to U. S. insurers and regulatory officials, and because of its long and favorable record. Reference is made to the American trust fund of Lloyds which on Dec. 31, 1949, amounted to \$246,367,495.

London Lloyds might risk placing themselves in the same position as other non-admitted alien reinsurers in the eyes of U. S. regulatory authorities unless certain steps are taken. For instance, some definite provision might be made to assure the availability of assets in the trust fund for the payment of liabilities in the U. S. regardless of the individual names to which such funds belong. This would appear to be no more than to put on paper a matter that is honor with Lloyds, it being that no insurer or reinsurer should suffer loss through the insolvency of one or more underwriters at Lloyds. Also provision might be made for designating the insurance commissioners as attorneys for service and some method adopted for relating the amount of assets in the trust fund with the liabilities in the U. S. of Lloyds in such manner as can be established to the satisfaction of the regulatory authorities.

### Question of Cancellation

On the matter of early cancellation of reinsurance contracts, the report states that this may imply that the contract was not entered into with a bona fide intention to reinsure but rather temporarily to increase the surplus of the ceding company. There have been reinsurance treaties negotiated at the year end and canceled shortly thereafter. The remedial action appears to be greater vigilance on the part of examiners

(CONTINUED ON PAGE 21)

## Conn. Agents Want Broader Writing of Householder Cover

**Many Important Topics Taken Up at Greenwich Midyear Meeting**

By KENNETH O. FORCE

GREENWICH—Connecticut Assn. of Insurance Agents moved this week to get Eastern Underwriters Assn. companies to provide a policy equal to or better than Atlantic Mutual and Chubb & Son extension of the supplemental contract for householders. The matter was discussed at the midyear meeting at Tamarack Country Club here. A bright day attracted a crowd of 255.

W. W. Hamilton, manager of Chicago Board and Illinois association, was the featured speaker. A panel on replacement costs, conducted by Vice-president Philip Bliss of Middletown was brisk and informative. Panel members were Leo E. Bronson, independent adjuster,



W. W. Hatfield



David A. North

New Haven; J. T. Foerth, comptroller of Bassick Co., Bridgeport; E. E. Bray, general contractor, Bridgeport, and Kenneth L. McCallum, general adjuster Travelers Fire.

Connecticut agents believe other companies should have broadened household coverage to offer their insured, to enable their agents to compete, and to increase agency income at a time when premiums on existing property have ceased to increase because values have leveled off, W. W. Hatfield explained. A member of the eastern agents conference committee on liaison with E.U.A., Mr. Hatfield was authorized by the Connecticut agents' executive committee, of which he is chairman, to ask for a meeting with E.U.A. of the agents conference committee and one was promptly agreed upon. It is being held in New York this week.

### All-Risk Form for Dwellings

One suggestion to be explored, Mr. Hatfield said, is the possible merit of an all-risk form for dwellings, possibly excluding a few things like flood, which would in any event remain matters of company underwriting policy. He wondered if a satisfactory policy can be designed on a named peril basis and cited a loss which illustrates the difficulty of trying to specify hazards in advance. A queen bee came down the flue of a home and thousands of bees followed. The insects, generously covered with soot, flew angrily around the house, (CONTINUED ON PAGE 20)

## Subcommittee O.K.'s At A.M.A. Insurance Division Meeting Gov't Writing of Marine War Risks

WASHINGTON—The Senate interstate commerce subcommittee on merchant marine approved S.2484, a companion to the Bland bill, H.R. 6061, to authorize government writing of marine war risk.

The full committee is scheduled to meet Thursday on maritime bills.

The subcommittee reportedly decided premiums on government war risk should be paid into the general Treasury fund, whereas the original proposal provided for premium payments into a special Treasury fund subject to maritime commission jurisdiction.

### Similar to War Authority

An other amendment recommended would authorize the Secretary of Commerce to act, since the maritime commission has been abolished under a presidential reorganization plan. Action could be taken when the President declares an emergency. In general, authority would be similar to that exercised by the commission during the war.

The bill was recommended by the commission, Treasury and Commerce Departments, general accounting office and civil service commission.

The marine industry supports it, in principle, owing to the unsettled state of world affairs. A House merchant marine subcommittee held hearings on the Bland bill last fall, but action was blocked by Rep. Weichel's demand for investigation of maritime commission wartime insurance operations.

### Chiles to Reinsurance Post in Fireman's Fund

Boyd S. Chiles has been placed in charge of the reinsurance activities of Western National Indemnity of the Fireman's Fund group. Succeeding Mr. Chiles as superintendent of the service and improved risk department of Fireman's Fund is Henry E. Stanton, former state agent in Oregon and southern Washington.

Under the direction of Vice-president Fred H. Morasch, Mr. Chiles will supervise nation-wide reinsurance operations. The company was made the exclusive reinsurance company of Fireman's Fund group in 1947. It has become a prominent factor in this market.

Mr. Chiles started with Fireman's Fund at the head office in 1930.

Mr. Stanton joined Fireman's Fund at Boston, in 1942. Prior to that he was with Factory Insurance Assn. He was transferred to the head office as a special agent in 1947. In 1948 he was transferred to Portland. He is a graduate of Brown University.

### Finish Los Angeles Course

LOS ANGELES—Seventy students have just taken their examinations on the advanced course in fire, casualty and marine insurance at University College, University of Southern California, in preparation for further C.P.C.U. study.

The semester just completed was under the direction of G. Earl Williams, National Surety, and John D. Adair, Founders Fire & Marine.

### Leggett Confers With Agents

JEFFERSON CITY, MO.—The executive committee of Missouri Assn. of Insurance Agents met here Friday, with John J. O'Toole of St. Louis, chairman, presiding. Officers of the state association and also of Insurance Board of St. Louis also attended. Superintendent Leggett attended the luncheon and he discussed with the agents various matters relating to insurance and the relations of the agents and companies with the public.



This group of well known insurance men participated in the conference of the insurance division of American Management Assn. at New York City. From the left are Ernest W. Fields, vice-president U. S. Guarantee; Charles G. Roth, attorney in charge of the surety claims division of National Surety; Walter M. Sheldon, vice-president, W. A. Alexander & Co., Chicago; Clinton A. Sullivan, assistant vice-president of Liberty Mutual, and Val White, manager of the fidelity division of Employers Mutuals of Wausau.

### Clark Reelected As Head of W. I. B.

H. A. Clark, president and chairman, and all other officers of Western Insurance Bureau were reelected at the annual meeting at Chicago. There was a business session in the morning, luncheon, and then Harvey Snediker, Western Actuarial Bureau, reported to the group in behalf of subscribers actuarial committee.

C. D. James of Northwestern National is vice-president; W. S. Whitford, Millers National, treasurer and A. A. Krueger and E. A. Domke of Millers National, assistant treasurers, and Miss T. L. Magruder, secretary. Directors are F. G. Breen, Standard of Trenton; J. C. Hiestand, Ohio Farmers; R. E. O'Rourke, Dubuque F. & M.; Lloyd Brown of Firemen's and Messrs. Clark, James and Whitford.

Mr. Clark, in his address, stated that W.I.B. has now been approved as an advisory organization in all states having laws providing for such. The only state not having such provisions is Missouri.

### Control of Commissions

The problem of seeking some reasonable control of commissions still confronts the business, Mr. Clark remarked. A National Board subcommittee is presently studying the question of possible legislation for New York that would authorize companies and agents to act in concert for the purpose of stabilizing commissions so that any savings effected might be passed along to policyholders.

On the subject of installment payment of premiums and a possible change in the term rule discounts, he remarked that agents generally seem to be opposed to the installment premium plan. Agents find themselves obliged to use the plan frequently for competitive reasons and companies that are now using the plan claim they are doing so because of competition. This plan has many implications that do not augur well for the business, he said, for if and when all companies resort to the use of such a plan, no company will then have a competitive advantage and there will have been saddled upon the business a totally unnecessary expense. Companies that are not now using the plan, but contemplate adopting it should bear in mind that once they start writing business on this basis there will probably

be no turning back as it would undoubtedly be necessary to continue writing in that fashion at least until such time as a change is made in the term rule discount. Such a change might take the place of and automatically eliminate the premium installment plan and even then companies might find some difficulty and confusion in undertaking to discontinue the plan.

Mr. Clark referred to the suggestion that there be formed a national organization to comprise both stock fire and casualty companies. This is still being considered by the chief executives. He said there is also a move to establish a national rating organization to encompass all individual rating bodies.

A serious problem is created by the practice of issuing policies with large deductibles. He said that it is unfortunate that the proponents of such deductibles "are knocking on the door of stock fire insurance, since this type of coverage has many implications that do not appear at first blush." If this plan should obtain recognition or approval and become general it would be tantamount to stock insurance in essence going on a mutual basis and it would be simply an invitation on the part of many property owners to become self-insured. There would be a substantial reduction in rates and shrinkage of premiums so the companies could probably not afford to give the kind of inspection and engineering service large property owners require and are obtaining.

### State Fund Threat Again Fades in S. C.

The South Carolina legislature has now adjourned without enacting anything in the nature of workmen's compensation state fund measures. Such legislation looked like a real threat for some time, but the opposition proved effective. The legislature authorized continuation of a committee to study state fund and other workmen's compensation matters.

### July 6 Cal. Hearing

SAN FRANCISCO — Superior Judge Cronin has set July 6 as the date for the hearing on the petition of Commissioner Downey to be appointed liquidator of Rhode Island in California.

Alpha H. Kenna, executive manager of Kansas Assn. of Insurance Agents, has recovered from an illness of several weeks and has been carrying on a heavy speaking program.

## Va. Agents Group Expects Record Turnout June 15-17

The program has been completed for the annual meeting of Virginia Assn. of Insurance Agents at Hot Springs June 15-17. The first business session will be held the evening of June 15 with the idea that many members will be arriving earlier that day and will have an opportunity to enjoy golf and other recreation before turning to the serious part of the convention.

There will be dinners that evening for past presidents, for the directors and for the wives of past presidents.

Frank E. Kinzer of Covington, the president, will be in charge at the business session. O. Shaw Johnson of Clarksdale, Miss., president of N.A.I.A., will give an address as will Francis W. Potter, field supervisor of Aetna Casualty, on "Sales Fundamentals."

### Carson and Byrd to Speak

The next morning Mr. Kinzer will give his presidential report; Ellis H. Carson, president of National Surety, will speak on multiple line underwriting and State Senator Harry F. Byrd, Jr. of Winchester will give an address. Walter G. Stephenson of Roanoke will report as secretary; J. V. Arthur of Winchester, for the constitution revision committee; Roger Clarke of Fredericksburg, state national director; T. Nelson Parker of Richmond as general counsel and Albert E. Cox of Danville, for the agents licensing law committee.

The golf tournament will be held that afternoon and then there will be a cocktail hour.

The morning of June 17, Irvin S. Markel, vice-president of American Fidelity & Casualty, will give a talk on "Capacity for Long Haul Trucking Risks" and Edmund T. DeJarnette of Richmond will talk on "Counter-signature Law and Legislative Trends." Then other committee chairmen will report and officers will be elected.

A banquet will be held that evening with a humorous address to be given by Edmund H. Harding of Washington.

Advance registrations indicate that the attendance record of 410 may be improved upon at this meeting.

The cup donated by the B. P. Carter Co., Richmond general agents, will be awarded at the banquet to the local board that has rendered outstanding service.

### Fire Companies to Give Expense Data by States

NEW YORK—National Board this week is filing with the insurance departments information to the effect that beginning Jan. 1 its member companies will report expense data by state for fire and allied lines. The expense exhibit countrywide as adopted by the commissioners in December 1948, and the uniform classifications of expenses form the base for the plan.

Heretofore premiums and losses always were shown by state; now in addition commissions and brokerage excluding contingent commission, loss adjustment expense directly identified with individual losses, taxes, licenses and fees at state and local level, board and bureau expenses at state level and unusual expenses assignable by state will be shown. In the latter category might be included such items as the District of Columbia rate case legal expenses, or expense of a special statistical study requested by a state.

Expenses not specifically assignable by state, such as claim adjustment expense and commissions and brokerage on reinsurance, will be prorated. Lines other than fire and E. C. are prorated for expenses, and home office reinsurance department expenses are prorated under the plan.

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## Thomas Again Heads U. S. Chamber Insurance Group

WASHINGTON — The U. S. Chamber of Commerce has announced the personnel of its insurance committee for the coming year.

The chairman is Frank H. Thomas, president of Fire Association, who is serving his second year on the chamber's board as a representative of insurance.

In keeping with the practice of rotating membership on its committees, five new members have been added to the committee this year. They are Ralph C. Price of Jefferson Standard; Frank P. Samford, president of Liberty National Life of Birmingham; Walter L. Hays, president of American Fire & Casualty; C. A. Loughlin, vice-president and general counsel of Home Ins. Co., and Frank A. Roberts, vice-president of Glens Falls.

Messrs. Price and Samford were elected to the board of directors recently for two-year terms.

Other members of the committee are John A. Buxton, Mutual Implement & Hardware; John A. Diemand, North America; Hovey T. Freeman, Manufacturers Mutual Fire; Charles E. Hodges, American Mutual Liability; Carl N. Jacobs, Hardware Mutual Casualty; Lendon A. Knight, Royal Neighbors; J. Harry LaBrum, Conlen, LaBrum & Beechwood, Philadelphia; Lawrence F. Lee, Peninsular Life; M. Albert Linton, Provident Mutual Life; Joseph F. Matthai, U. S. F. & G.; W. Ross McCain, Aetna Fire; John A. North, Phoenix of Hartford; Chase M. Smith, National Retailers Mutual; Harold M. Stewart, Prudential; J. M. Sweitzer, Employers Mutual Liability, and John L. Train, Utica Mutual.

### Schroeder Is Feted

New York Underwriters gave a luncheon at the Schroeder hotel, Milwaukee, for the Chris Schroeder & Son agency on the occasion of the 50th representation of that company by Walter Schroeder, who is president of the agency. He was presented with a clock and barometer set. Also present from the agency was A. S. Walsh, secretary-treasurer. New York Underwriters was represented by George W. Owens, secretary from the head office; C. W. Watkins of Chicago, executive special agent; Harold Martin, Wisconsin state agent, and Fred W. Edler, retired state agent.

### Garage Liability Reviewed

John Landt, Hartford Accident, spoke on "Garage Liability" at a luncheon meeting of Spokane Insurance Assn. Mr. Landt reviewed the broader coverage available in the new garage policy and an open forum followed. He will continue the discussion at a future meeting.

Local agents will compete against special agents in the annual golf tournament of the Spokane association June 13.

### Joyce New Lincoln President

Lincoln (Neb.) Assn. of Insurance Agents has elected G. Ben Joyce, Joyce Alter & Associates, president; Charles D. Sayre, Stuart Investment Co., vice-president, and Merlin Springer, Commerce Investment Co., secretary. Earl M. Burnett, Sweeney & Co., talked on "This Is Your Problem," pointing up the need for a more serious attitude on the part of Americans in protecting their freedom.

## Winnipeg Plans Are Announced

In connection with the disastrous Winnipeg flood, Western Canada Insurance Underwriters Assn. has gotten out an advertisement authorizing certain action on behalf of the board insurance companies in the emergency and another advertisement has been put out by all the writers of the personal property floater in the province. The PPF policies will bear almost the entire loss sustained by insurance companies.

There has been set up an insurance adjusters flood claims committee through which all claims will be directed. Companies have set up a flood committee to interpret the various contracts and this committee will confer with the adjusters to issue instructions on behalf of all insurers.

The W.C.I.U.A. advertisement states that all insurance contracts expiring between May 1 and June 15 be automatically renewed for the same amount and subject to the same policy conditions unless other arrangements are made. Where it is necessary to remove household effects and personal property to temporary locations policies are extended to cover these articles until conditions return to normal.

### Disregard Some Non-Compliances

Non-compliance with certain policy conditions such as the use of gasoline, temporary vacancy or unoccupancy, maintenance of automatic sprinklers, alarm systems, will not be regarded as violations of policy conditions. Finally it is stated that the companies and their agents are doing everything possible to maintain their facilities and services to cooperate with the flood authorities.

The PPF advertisement states that flood damage to household furniture and personal effects is covered by the PPF. A central adjusting office has been established at Winnipeg and is ready to go into action. More adjusters and officials are being flown to Manitoba from other provinces to speed up the service. Victims that have PPF policies should notify their agent or company promptly, preferably in writing, giving name and address prior to the flood, present temporary address, and policy number if possible.

After loss or damage has been incurred, certain other items may be recoverable such as additional living expenses, and expenses necessary to protect furniture and other personal effects. However, such claims can only be considered when all facts are known by the adjusters who made the inspection. Policyholders are expected to do everything they can to protect furniture and personal effects from further damage.

### North British Correction

On page 110 of the 1950 edition of the Argus Fire Chart three inaccuracies appear in the figures of the companies of the North British group that affect the totals of the group.

Underwriting expenses incurred for the North British should be \$3,773,174 producing a ratio to premiums earned of 43. This makes the underwriting expenses of the entire group \$12,516,508 for a ratio of 42.2.

Increase in unearned premiums of Pennsylvania Fire is \$9,692 instead of \$489,458, making the total increase for the group \$111,987.

Other changes in surplus of Commonwealth total minus \$27,622 making the group total minus \$71,172.

### Holds Regional Conference

The Detroit branch of Standard Accident held a regional conference for its agents in southwestern Michigan. The conference was conducted by C. L. Miller, manager of the Detroit branch; M. J. Pierce, manager of the home office educational department, talked on storekeepers liability, and P. G. Hinckley, special representative, discussed A. & H.

## Essential Fire-Casualty Differences to Be Retained in Multiple Writing

NEW YORK — With the development of multiple line underwriting, it is useful to keep in mind the marked differences between fire and casualty, F. S. Perryman, assistant U. S. manager and actuary of Royal-Liverpool, said in his talk before the Insurance Accountants Assn. here.

The different types of business written by casualty companies vary more between themselves than do those written by fire companies, he said, and recalled that the casualty annual statement blank in use up to 1949 officially was known as the miscellaneous blank. The lines classified as casualty, many of them, are as different as night from day.

This thought, however, gives some encouragement when considering multiple line underwriting problems, for if the casualty companies have been able successfully in the past to comprehend within one organization such different varieties of insurance, it should not be too great a task to set up an organization which will include both fire and casualty.

### No One Line Dominant

Casualty business is not dominated by any one kind of insurance as fire companies' business is dominated by fire, he added. The largest casualty lines are auto liability and property damage, other liability and property damage and compensation, and probably most fire companies entering the casualty field will write mainly these lines plus some burglary and glass, which are property lines akin to fire business and really belong in that field.

Of course, he said, the clear line of distinction between casualty and fire is that the former are essentially third party lines and the latter two party business. The presence of the third party in the picture vitally alters the character of the business, changes the whole complexion of the insurance, not only as to underwriting procedure but also greatly as to "service." It gives rise to the complex safety and inspection function and makes handling of claims quite a different kind of operation. In third party claims the carrier must go out and investigate and settle under its own steam. It cannot wait for the claimant to pursue his claim in his own way and in his own time. Settling claims involves not only measuring damage done but also agreeing on the vital question of liability.

### Closer to Public Awareness

Because the third party is a member of the public or an employee and not a direct party to the insurance contract, casualty business proves to be very close to the general public's social consciousness. Premiums for casualty, at least for the leading casualty lines, loom large in the public eye. As compared with fire premiums, they appear big to the man in the street and the man in the executive office.

Also, casualty experience is quite volatile. Changes occur quickly and cause rapid and sometimes violent movement in rate levels. Consequently casualty is affected with a high degree of public interest, the comparatively large premiums make a strong impact on the public pocketbook. The casualty business has had to build up a flexible and elaborate machinery for statistics and rate making techniques.

Some casualty claims are outstanding for years. Benefits in workmen's compensation may be payable over long periods. Consequently casualty carriers have at any moment a large number of outstanding claims, many of which have been open for years and will be open for years to come, and the status and value of which change from time to time. Handling of these claims over a long period and the keeping of the complicated records and reserves is a prominent feature of casualty. Reserves for outstanding losses in the casualty company can and do amount to a sizable

percentage of the annual premium volume, 50 to 100% being quite common. On the other hand, unearned premium reserves of casualty companies are usually quite small since most policies are written for one year.

### Casualty Moves With Risk

The subject matter of casualty is by large and more movable than in the fire business. Liability insurance follows people and automobiles and even businesses around from place to place, and employees covered by compensation move around. Blanket coverages, covering anywhere, are commonplace. Casualty policies usually cover the whole or practically all of the liability for the occurrences insured against. Consequently the situation that prevails in the fire business whereby a large risk will be protected by policies of a dozen or more different companies is very rare. These features profoundly affect the operating organization.

He suggested however that some things can be harmonized, in multiple line writing, such as methods of reporting business and premium accounts, methods of collecting premiums, methods of rating and writing policies and the different ways of handling underwriting, including the place where such underwriting is done. In approaching multiple line underwriting and operations the first thing to do is to view the new lines of business sympathetically and see why they have traditionally been handled differently. It is necessary to do this to appreciate properly and grasp firmly the proper approach to the new problems that will be there to solve.

### Both Sides Gain

He pointed out that combining fire and casualty operations in one organization requires wholehearted determination to look at both sides of all questions and resolve them in the best interests of the organization as a whole. In Royal-Liverpool, in most cases the solution turned out to be such that both sides gained and the result was a unified system better than either had had before. Probably the first thing is the necessity of organizing the multiple line setup from the top down. The whole of the senior executive organization should be geared to handle all lines of business on an equal basis, and so on throughout the entire organization.

He suggested the wisdom of a proper balance between specialized handling of various lines and uniform methods across the board. There is great need for striking a proper balance. The needs of the individual types of business must not be sacrificed to the iron bound uniform ties of a single system; neither must a proper degree of unified handling be distorted too much by the peculiarities of the component parts of the company's business. He also warned against copying the procedures of another company. To do so means that no one will ever get to the bottom of figuring out how the whole pattern fits together until the procedure is in operation and the forms printed—then it will be too late.

### Gaffney Son of Agent

Warren N. Gaffney, the new New Jersey commissioner, is a son of James Gaffney, who conducts an insurance agency at his home town, Roselle. Deputy Commissioner Gough, acting commissioner since the resignation of John J. Dickerson, resumes his title as deputy.

### Nat'l Bureau Addition

Standard of New York, member of the Aetna Fire Group, has been elected a member of National Bureau of Casualty Underwriters, bringing the company membership of that organization to 63.

## International Insurance Data May Be Required

Insurance Accountants Assn. is giving attention to a communication from the U. S. Department of Commerce to certain insurance company executives referring to the need for statistics summarizing the international insurance transactions engaged in by U. S. insurers, brokers and other firms.

The suggestion was made that the matter be referred to Insurance Accountants Assn. for study. This has not yet been done officially, but the Commerce Department's letter and draft forms have been distributed to members and suggestions are solicited.

The Department of Commerce states it is interested in developing a procedure for compiling statistics that would be most useful and convenient to all parties concerned. The department's interest in the project arises from its work in preparing the balance of international payments. This is described as essentially a bookkeeping device designed to measure the international transactions of the U. S. The balance

statements are used in appraising the international position of the U. S. and in determination of its foreign loan and exchange policy. Many other segments of industry and finance are cooperating in making available to the department data on a current basis which are needed in the preparation of these statements.

### Suggests Annual Report

The Department of Commerce said that it has been considering the idea of a report to be filed on an annual basis by insurance companies and others engaged in foreign insurance transactions. Two draft forms have been gotten up, one dealing with marine insurance and the other with reinsurance. The purpose was to produce statistics that when consolidated would be most helpful in revealing overall international insurance trends and of causing, in the process, as little inconvenience as possible to the reporting company. No public use of the data obtained would

be made except in the form of consolidated overall statistics. The returns of individual companies would be held in strict confidence.

The interest is in the compilation of statistical data that will summarize the size and movement of insurance values between the U. S. as a whole and foreign countries. In other words, what is wanted is the effect of international insurance operations on the U. S. net dollar position.

In the marine draft form there is called for "face amount of policy issued on insured cargo". While this is not a balance of payments item, the department states, it has been included so as to make possible the determination of the proportion of the total export and import trade that is being insured by U. S. companies. The headings on the marine form include: Country or are; premiums received on U. S. exports to, and imports from; face amount of policies issued on insured cargo, U. S. exports to, imports from; losses paid divided as between exports and imports if possible; hull and all other types of marine premiums excluding cargo received on foreign flag vessels and losses paid on insurance foreign flag vessels.

The headings on the reinsurance form are: Country of unauthorized alien insurance companies; reinsurance premiums after commissions and cancellations; unauthorized alien insurance companies, ceded to, assumed from; reinsurance losses recovered from and paid to; balances held by the reporting company for account of unauthorized alien insurance company as of the first of the year and as of the end of the year; and balances held by unauthorized alien insurance companies for account of the reporting company as of the first of the year and as of the end of the year.

### N. C. Approves Output Policy of Aetna Fire

RALEIGH—Commissioner Cheek has approved the automobile manufacturers' output policy and rating plan proposed by Aetna Fire, and explained during a public hearing June 2.

No opposition to the proposal developed at the hearing, which was attended by about 35 representatives of companies, agents and bureaus. Baxter Gentry of New York, secretary of Aetna, explained the plan. Hugh Murray, Earl Johnson and Linton Smith, all agents in Raleigh; Ernest Young of Charlotte, Steve Adams of Asheville and Gilbert Bell of Gastonia expressed approval of the plan on the part of agents.

Commissioner Cheek was told the policy and rating plan already are in use in a number of states. They are designed, it was explained, to offer automobile manufacturers coverage from a domestic company which previously had been available only from a foreign company.

The policy provides all-risk coverage for the personal property of automobile manufacturers while it is away from factory or assembly plant premises. The rating plan is based upon a flat industry class rate which represents the full average fire rate of the highest rated assured within the industry, plus a substantial loading for the other perils of the all-risk coverage. A modification plan is included to reflect individual differences within the class.

### Mill Mutual Agency Changes

Mill Mutual agency of Lansing has appointed C. A. Rathbun as assistant manager and W. S. Whittle as head of the casualty department. L. D. Williams will head the application department and K. E. Morse will assist H. H. Haun, head of the Michigan underwriting department. All are veterans with the agency, Mr. Rathbun having been in its employ for 23 years, Mr. Whittle for 24, Mr. Williams, 22, and Mr. Morse, 14 years.

### DECISION BY JUNE 15

## Deductible Issue in Cal. Debated at Second Hearing

SAN FRANCISCO — The second and final hearing was held by the California department here on the placement of a \$50,000 deductible fire line by brokers representing Carnation Co. through London Lloyds. Harold A. Benjamin, deputy commissioner from Los Angeles, was the hearing officer.

Representing Fred S. James & Co., the broker was Leland B. Groeziinger, attorney, who held to the contention that the desired coverage was not obtainable in the domestic market. Upholding the belief of Pacific Board that a thorough attempt had not been made to place the line with admitted insurers, and that the deductible clause in the proposed coverage was merely a subterfuge to obtain a rate concession was Bert Levit, general counsel for the board.

### Question of Availability

Mr. Groeziinger fired his first shot by flatly stating that the coverage was not available from admitted insurers. To cement this assertion, he presented a substantial amount of evidence to the effect that a sincere effort had been made and a definite canvass completed of the majority of the domestic companies in attempting to place the line, to no avail. Among the exhibits he presented was a copy of the canvass letter sent out by the brokers; a letter to the insurance department from Thomas A. Scadden, manager of Surplus Line Assn., saying that the coverage was found not to be available from the admitted companies, and the replies from representatives of reciprocal and factory mutual companies in answer to the questions made by the brokers in regard to placing the line through the facilities of either of those two groups. Both the reciprocals and the factory mutuals refused to accept the line for one reason or another.

Mr. Groeziinger went on to point out that Carnation Co., which is partially self-insured, desired to obtain a "fixed and definite premium, and were not necessarily concerned with the rate." The company, he said, wanted to secure a blanket coverage on several locations, thus avoiding detailed reporting.

### "Tacit Admission"

Mr. Levit came to bat declaring that the attempt to export the line was made solely for the purpose of obtaining rate concessions, and said that the fact that the brokers had filed application with the department for the right to export the line was a "tacit admission" by the applicant that filing was made for a lower rate.

There was no question involved before the hearing as to whether rates are too high, nor was there any argument with the wording of forms, Mr. Levit said, adding that the basic question before the hearing officer was: Is this export request being made for the purpose of obtaining a lower rate? Although the surplus line brokers contended that rates had nothing to do with the application, Mr. Levit stoutly maintained that he thought the whole case evolved around obtaining rate concessions.

In the array of evidence presented by Mr. Levit were letters and memos sent to the department by interested parties. One of the highlights pointed out by Mr. Levit was a phrase in the canvass letter wherein the brokers themselves admitted to the department that "they were in a competitive position on the line," and in this line, Mr. Levit claimed was the implication that the brokers were attempting to obtain rate concessions. He also presented a memorandum from the department in which was denied any lack of capacity on the part of domestic companies to handle the



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line, and readily pointed out that it could be placed in the domestic market at regular rates.

Mr. Benjamin set June 15 as the deadline for a decision on the matter.

## Milwaukee Makes Plea for Fire Insurance Rate Cut

Commissioner Lange of Wisconsin conducted a hearing on the request of the city of Milwaukee to obtain lower fire insurance rates, and announced he would hear oral arguments at a time to be set before making his decision. The city attorney's office supported its petition with a comparison of figures from 1920 to 1948, showing premium income of \$94,574,000, as compared with \$32,499,000 in losses paid on Milwaukee fires. A preliminary hearing in March was adjourned until early June when 1949 figures would be available.

The insurance department presented an exhibit showing that Milwaukee fire loss ratio was 35.47 for the 1945-1949 five-year period, when premiums totaled \$23,437,000 and loss \$7,294,000. Commissioner Lange pointed out that many other Wisconsin cities have a lower loss ratio than Milwaukee.

Harry Slater, assistant Milwaukee city attorney, contended there was too much disparity between premiums and losses in Milwaukee, and that the city had no objections to other communities getting lower rates, too. Fire Chief Wisher said the Milwaukee department is now doing much of the salvage work formerly done by the insurance patrol, now discontinued, and that old equipment is being replaced.

### Individual Consideration Opposed

Robert Rieser, Fire Insurance Rating Bureau, commented that the equipment being replaced is generally old and outdated. Mayor Zeidler contended that city's big expenditures for fire protection and its good fire record should entitle the city to lower fire insurance rates. Rieser said that much of the increased expenditures was due to a shorter work week and increased salaries of firemen. The bureau contends, he said, that the Wisconsin statutes do not provide for individual consideration of cities on insurance rates, as "this would lead to chaos."

R. D. Hobbs, Western Actuarial Bureau, said the trend of rates has been consistently downward for 25 years and that adjustments are being made constantly in city classifications, some rates being increased and others reduced following a report on findings of local inspections.

That there is room for an approximate 4% average reduction in Wisconsin fire insurance rates if a 3.5% ceiling is set on profits and conflagration reserves, was testified by Deputy Commissioner Charles Timbers. But if there were a 6% ceiling, as the companies insist on, little or no reduction of total premiums would be possible, he declared. His computation was based on fire loss experience in Wisconsin during the past five years and the ratio of losses to premiums.

### New West Va. Rules

Rules for replacement cost insurance, substantially similar to those in force in most states, have been incorporated into the West Virginia rule book. Insurance on this basis, paying the full replacement cost of the damaged or destroyed property, without deduction for depreciation, is restricted to buildings and permanent machinery, fixtures and equipment which may be written under the building item at the building rate. There is a 100% coinsurance requirement, based on the full replacement cost of the property, and the 100% coinsurance rate applies. There is the usual requirement that the property must

be repaired or replaced on the same premises within two years after damage. If this is not done, insurance automatically goes back to the actual cash value basis.

The rules for demolition insurance have also been changed to authorize writing replacement cost insurance in connection with this coverage.

Previously there had been no rulings on this coverage in West Virginia. The insurance department had taken the unofficial position that this coverage was unsound, but had not prohibited individual carriers from writing it.

## Fire Association Graduates 13 Men

PHILADELPHIA—The third class to go through Fire Association's training school, 13 in number, was graduated Tuesday with a luncheon at the Downtown Club here. A. E. Duncan, Jr., sales development manager and director of the school, presented the graduates and President F. H. Thomas was host. Most of the graduates will be assigned

to field work shortly, but a few will assume home office underwriting positions.

A number of members of the new class have reported for duty at the home office. There are 13 already engaged and a few more are expected to be signed up before formal instruction begins in September. The 1950-51 class so far is composed exclusively of graduates of a number of eastern colleges, recruited after intensive field work and interviewing by Mr. Duncan and other executives.



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National Bank Building  
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## Hawkeye Casualty, Security of Iowa Merger Planned

DES MOINES—Final plans for the merger of Hawkeye Casualty and Security Fire, both of Des Moines, were announced by officials of the two companies. The combined company will be known as the Hawkeye-Security.

The merger plan will be submitted to a special meeting of the stockholders of the two companies June 24. Following approval by the stockholders the proposal will be submitted to the insurance department.

Stockholders of both companies will be continued as stockholders of Hawkeye-Security. The firm will write multiple lines.

George Olmsted, chairman of Hawkeye Casualty, is president of Security Fire. Alex Nelson is president of Hawkeye Casualty.

The combined company will have assets of more than \$7 million, net premium writings of more than \$4½ million and capital and surplus of \$1,800,000.

Security Fire was chartered in 1883 and formerly was located at Davenport until purchased several years ago by the Olmsted group. Hawkeye was chartered in 1919.

## National Board Chairmen Named

W. Ross McCain, president of Aetna Fire and head of National Board, announces chairmen of board committees. Actuarial chairman is Ivan Escott, Home; adjustments, Perrin C. Cothran, Phoenix of Hartford; conference with other insurers, J. C. Hullett, Hartford Fire; construction of buildings, L. J. Tillman, Century; finance, W. J. Reynolds, Corroon & Reynolds; fire prevention and engineering standards, William B. Rearden, Firemen's; incendiarism and arson, E. W. Elwell, Royal Exchange; laws, J. Victor Herd, America Fore; maps, H. B. Collamore, National Fire; membership, J. K. Hooker, Automobile; public relations, John A. North, Phoenix of Hartford; statistics and origin of fires, George H. Duxbury, North British; uniform accounting, Charles W. Makin, Camden.

## J. S. Bickley Heads Ohio State U. Insurance Setup

Dr. John S. Bickley will join Ohio State University faculty next fall as head of the business organization department's insurance program. He will have the rank of associate professor in the college of commerce and administration.

For the last two years Dr. Bickley has been assistant professor of insurance at University of Washington. He taught previously at University of Alabama and at University of Wisconsin, where he received his bachelor of arts, master of business administration and doctor of philosophy degrees. Before beginning his teaching career, he worked during 1939 and 1940 as a life insurance agent at Detroit.

Dr. Bickley developed the insurance curriculum at University of Washington and has served as consultant on insurance matters for several governmental and industrial organizations. He is the author of a section on marine insurance in a book on Ocean Transportation by Dr. J. A. Constantin, being published by University of Alabama Press.



Dr. J. S. Bickley

## Lloyds Loses N. Y. Issue

NEW YORK—Justice McGeehan of the New York supreme court in General Phoenix Corp. vs. Malyon has denied application of defendant, a London Lloyds underwriter, to declare subdivision 3A of Section 59 of the state insurance law inapplicable to Lloyds.

The statute requires an alien or non-admitted insurer to provide a plaintiff with security in an amount sufficient to secure the payment of any final judgment which may be rendered in the action before any answer may be filed.

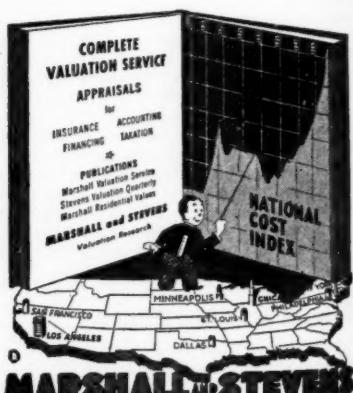
General Phoenix brought suit against Lloyds on three policies for claimed losses of more than \$1½ million. Plaintiff invoked the provisions of the statute for the first time and applied to stay Lloyds from filing any answer in the action unless there had first been compliance with the statute.

Lloyds contended that because of its reputation for the payment of losses and existence of a large trust fund at New York application of the statute was unnecessary. Lloyds argued that the statute was designed to apply only to alien and non-admitted insurers guilty of fraud and abuses in the sale of accident and health policies.

The court rejected the contention Lloyds should be excepted from application of the statute to non-admitted insurers. The court also rejected the argument that the statute could not constitutionally be applied to Lloyds in this case because the policies were entered into prior to the effective date of the statute. Attorneys for plaintiff argued that the statute applied to all suits on policies instituted after the effective date of the statute no matter what the date of policy.

Attorneys for plaintiff also took issue with the claim that Lloyds had a good reputation for the payment of losses demonstrating that other plaintiffs in suits involving similar coverage were required to sue in England. They pointed out that the trust fund maintained by Lloyds at New York could be removed by Lloyds to any other jurisdiction without restriction. In addition it was shown that no one including Lloyds underwriters knew the extent to which the trust fund was impaired by loss reserves, unearned premiums, etc.

The amount of the bond to be posted has not yet been fixed. The plaintiff contends that the bond should be fixed at \$1,681,000. Lloyds contends that the bond should be limited to \$100,000. This will involve consideration by the court of questions relating to the reinstatement.



### FIRE GENERAL AGENCY

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ment provision of the insurance contracts as well as the extent of the losses which plaintiff may be able to establish on the trial. To aid the court in considering this latter issue Senator Sidney A. Fine has been appointed referee to hear and report on the issues of fact involved.

General Phoenix is the parent company of Stuyvesant Ins. Co.

#### FULL MULTIPLE LINE

### Conn. Indemnity Is to Absorb East and West

Connecticut Indemnity and East & West, wholly owned casualty and fire affiliates of Security of New Haven, will merge July 1 and the continuing company will be Connecticut Indemnity. In all states where the laws permit companies to write fire, marine, and casualty insurance under one capital structure, Connecticut Indemnity can operate as a multiple writing company. In the few remaining states, the company will continue to write casualty insurance only, the fire and marine business of East & West being assumed by New Haven Underwriters of Security.

Connecticut Indemnity will take over the assets and assume the liabilities of East & West, which will result in Connecticut Indemnity having assets of over \$14 million, surplus to policyholders of \$4½ million and premium income of \$7 million.

Connecticut Indemnity will be one of the first companies to exercise full multiple-writing powers on a country-wide basis. A new policy design for Connecticut Indemnity is being introduced and a new personal policy has been developed.

#### Brookhart Now Head Man in Ohio Federation

COLUMBUS—E. J. Brookhart, secretary of Celina Mutual Casualty, was elected president of Insurance Federation of Ohio at the annual meeting here succeeding Frank R. Middleton, manager of National Surety.

Vice-presidents are: Herbert P. Young, O. P. Ruffing, M. R. Dodson and W. G. Alpaugh. E. C. Anstaett is treasurer and Homer Trantham is executive secretary.

Members of the governing committee are: H. H. Chittenden, Harry Minister, Tauno M. Lintala, Louis McBride, Franklin Toops, Harold F. Swisher, C. E. Nail, F. J. Blose and Frank B. Mallett.

J. Dewey Dorsett, general manager of Assn. of Casualty & Surety Companies, spoke at the luncheon meeting on the invasion of the insurance business by the state and federal governments.

Enactment of a security type safety responsibility law, modern driver licensing law, and law requiring periodic inspection of motor vehicles, plus safe driver education courses in every high school, were recommended.

#### Elkhart Board Elects

Elkhart (Ind.) Insurance Board has elected Harrison Berkey, president; George J. Blubaugh, vice-president; LaVerne W. Huddleston, secretary.

#### Aids in K. C. Exhibit

Western Underwriters Assn. is cooperating with Kansas City Assn. of Insurance Agents in manning a booth at Kansas City Centennial Exposition, June 3-11. W.U.A. furnished material explaining the services of stock companies and agents.

#### Surplus Line Meet June 27

Surplus Line Assn. of Washington will hold its annual meeting June 27 at Seattle.

### P.W. Names Four New Officers

A new assistant treasurer and three new assistant secretaries have been elected by Providence Washington.

Frederick L. Cote is the assistant treasurer, and Richard A. Lydecker, Thomas B. Ogburn, Jr., and Raleigh H. Watson the assistant secretaries.

Mr. Cote, who has been manager of accounts and statistics, is a graduate of Boston University, and had previously been with Massachusetts Bonding and Springfield Fire & Marine.

#### Careers of Those Promoted

Mr. Lydecker is a Princeton graduate. He went to Providence Washington from Johnson & Higgins in 1939. Mr. Lydecker was a navy officer during the war and is presently the manager of the inland marine department.

Mr. Ogburn, a graduate of University of North Carolina, served with the marine corps. He was formerly with North America as manager at Washington.

Mr. Watson, who attended New York University, was formerly connected with Aetna Fire and the American Marine Syndicates. He has been manager of the ocean marine department of P.W.

#### Partial Okla. Totals Out

Totals on 1949 business in certain classifications have been released by the Oklahoma department. Other totals are expected shortly. Since the adoption of the multiple line law, a complete revision of classifications has been made. Totals reported are:

	Prems. Written	Losses Paid
Mut. multiple line:	\$	\$
Casualty .....	3,730,871	1,333,786
Fire .....	314,882	84,247
Mutual fire .....	2,237,369	688,695
A.&H. (stock cas. & life) .....	23,285,597	12,262,685
A.&H. (stip. prem.) .....	362,286	115,292
Mut. ben. assns. ....	715,493	148,241
Reciprocals .....	2,883,301	910,107

#### McComb to Miami Agency

James F. McComb, who resigned as manager of Public National of Miami, has now become associated with the Lon Worth Crow local agency of Miami in charge of the casualty, marine and inland marine department.

#### N. A. Opens New England Office

North America will open a service office in the Hampden Savings Bank building at Springfield, Mass., on June 15. James E. Hitchcock will be the manager and a number of employees for-

merly with the Boston service office are being moved to Springfield. The office will be in charge of all fire and automobile business in New England.

#### Rating Bureau Gathering

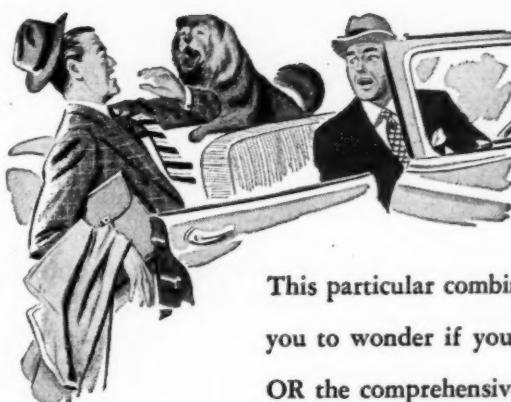
The managers of the rating bureaus in middlewestern territory held a gathering at White Sulphur Springs, W. Va.

Robert M. Zekes, a 1950 graduate of Wyandotte high school, Kansas City, Kan., has been granted a four-year scholarship in fire protection engineering to Illinois Institute of Technology by Western Actuarial Bureau. The past year he has been employed part-time in the Kansas City office of Kansas Inspection Bureau.

Trenton Bridge had sold his insurance agency at Kenton, O., to John F. Lichy, who will merge the agency with his. Mr. Bridge will continue in the real estate business.

C. J. Dupuis of Montreal was elected president of Insurance Brokers Assn. of the Province of Quebec at the annual meeting at Montreal. Chairman is Stuart Rolland of Montreal and managing director is J. C. d'Auteuil.

*Let's take it one step further...*



Now that you know the answer to the question this illustration posed...let's consider how you can successfully go about selling the new policy  
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This particular combined policy is brand new. So new that it's natural for you to wonder if you should talk up the automobile angle of this policy OR the comprehensive personal liability. If you base your sales approach on the wrong one, you're wasting your breath!

Why take chances with the wrong approach when we can give you a guide to selling this new policy? "A New Sales Slant for a New Policy," a reprint of an article which discloses this information, is yours for the asking. Write the Advertising Department for your copy.

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## Asphalt Roofing Losses Are Being Analyzed

The adjusting organizations are now cooperating with Farm Underwriters Assn. in developing information as to the susceptibility of asphalt shingle roofing to wind or hail damage. The adjusters in connection with each loss involving an asphalt shingle roof, are completing a very extensive form. The results will be analyzed when a sufficient number of reports has been accumulated to give a representative picture, and this can then form the basis for intelligent decisions.

There has been a good deal of criticism of asphalt roofing and Asphalt

Roofing Industry Bureau has been cooperating with Farm Underwriters Assn. and that bureau is carrying on a campaign to bring about improvement in the laying down and repairing of such roofs. A pamphlet has been prepared entitled "How to Repair Asphalt Strip Shingle Roofs" by the bureau and this is to be extensively circulated.

The form the adjusters are now completing calls for information among other things on total building claim, amount of roof damage, percentage of roof damage; nature of damage, whether sheathing damage, shingles blown off, shingles broken or punctured; velocity of wind; type of roof; roofing manufacturer's trade name; whether roof applied by roofing contractor, carpenter or owner or farm laborer.

Also, the date roof was applied, pitch of roof, weight; whether roof is ap-

plied to solid wood deck, strip sheathing, old shingles or old roof.

Type of shingles, whether hex, lock-crown type, square butt, diamond point, pattern edge roll; inches to weather, nails per shingle, whether they need renailed; whether shingles were cemented, whether they need cementing; present condition except for current damage, whether good, fair or poor.

The adjuster is asked to say whether he recommends continued insurance on the roof, to say whether there was any wood shingle damage in the neighborhood and the percentage of damage.

## 400 Agents to Attend Excelsior Silver Parley

The 25th anniversary of the establishment of Excelsior of Syracuse as an agent-owned company will be observed during a three-day convention commencing June 11. About 400 agents from 10 states are expected at the banquet June 12. The Rev. Dr. Norman Vincent Peale, pastor of Marble Collegiate church at New York, will be the speaker.

A directors meeting and forums open to the public will be held June 12 and the next day there will be a tour of the Syracuse area and a visit to Excelsior's home office.

Speakers at the business sessions include Charles H. Watkins of Boston, and William G. Hurtzig of Toms River, former board chairmen of Excelsior; Claude D. Minor, an Excelsior director and president of Virginia F. & M.; W. Ross McCain, president of Aetna Fire and president of National Board; Robert Constable of Cazenovia, and Henry Franz of Clifton, N. J.

It was early in 1925 when the late Fredrick V. Bruns, a prominent Syracuse business executive, and his associates, introduced the idea of agency ownership and direction of Excelsior, founded shortly after the end of the first war.

Most of the 600 agents of the company are stockholders, Forest H. Witmeyer is president and John E. Greenwood, Warren, O., is chairman.

The idea of agents getting together and organizing and operating their own company came to Mr. Bruns while he was serving as president of New York State Assn. of Local Agents. With the help of leading agents in New York and with the further financial backing of Syracuse business men, Mr. Bruns and his associates took over Excelsior, which had been organized in 1919, introducing their idea of agency-ownership and direction.

Mrs. Bruns will be seated at the head table at the banquet.

## Advanced Management School Program Set

The Institute for Advanced Agency Management sponsored by University of Connecticut school of business administration and Connecticut and National Associations of Insurance Agents at Storrs Aug. 14-18 is now set. As is customary, L. J. Ackerman, dean of the business school, will open the program. Clarence Rauter, N.A.I.A. director of education, will discuss specifics of the job; Mr. Ackerman, legal and tax problems of proprietorship, and Richard J. Layton of Rough Notes, office management.

Two sessions will deal with work simplification, and Mr. Rauter presents agency analysis.

Frederick J. Flynn, New York City broker, will treat analysis of customer accounts; Byron H. Clark, advertising; John Cosgrove, American salesmanship, and Fred M. Snel, Connecticut industrialist, selection of agency personnel. E. M. Muehl, Yale University department of speech, will talk on effective speaking. Roy A. Duffus, Rochester, N. Y., will close with "How to Be a Better Agent."

About 32 have now registered, and ordinarily the group is limited to 50, so

that prompt action is indicated for those who want to attend.

## Marshall & Stevens Form Canadian Affiliate

Marshall & Stevens (Canada) Ltd. has been organized by the national appraisal organization of Marshall & Stevens as its Canadian affiliate. The head offices are at 448 Seymour street, Vancouver, B. C.

The Canadian corporation will make appraisals in all parts of the Dominion and will work in close cooperation with the Marshall & Stevens organization in the U. S.

Thomas A. Hazlitt, well known valuation engineer of Vancouver, is president of the Canadian corporation. Earl P. Marshall, owner of the American organization, is vice-president of the Canadian setup and H. J. Taylor is staff chief.

Mr. Marshall is returning to Los Angeles after an extended trip to the various branches including Chicago, Minneapolis, St. Louis, Philadelphia and Dallas.

Robert C. Baer has been named special agent for Seeley & Co. at Seattle.

## PAYROLL AUDIT MANAGER

A medium size casualty company is establishing their own payroll audit and safety engineering department. They prefer a man to manage this department who has both payroll auditing and safety engineering experience. This position is with a good company and has real possibilities.

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**MARINE UNDERWRITER**  
The Chicago office of a large multiple line group desires to employ a marine underwriter with one or more years experience. Exceptional opportunity for advancement in western department territory. Replies confidential—our employees know of this advertisement. Address A-25, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

**ADJUSTER**  
Good opportunity for adjuster experienced in FIRE and ALLIED lines with well established independent organization in large midwestern city. Married man between ages of 30-40 preferred. State qualifications and background. Address A-27, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

**FIRE UNDERWRITER WANTED**  
Chicago office of well known organization. Splendid opportunity for experienced man. Good starting salary. State age, experience and salary requirements. Replies confidential. Address A-32, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

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## RANSOM REELECTED Installment Plans, Term Rule Called Separate Problems

HOT SPRINGS, VA.—Eugene M. Ransom, manager southern department of Commercial Union, was reelected president of Southeastern Underwriters Assn. at the annual meeting here. B. C. Vitt, vice-president American, was reelected vice-president and W. W. Sampson was retained as manager.



H. M. Ransom

In his presidential address, Mr. Ransom said competition requires that the relatively new problem of installment payment of fire premiums be given special consideration. Unfortunately, he said, there has been a tendency on the part of commissioners and others to treat the term rule and premium payment plans as one. He added that actually, while they are related, each is of major importance by reason of its own and separate effect on the business.

"The term rule is an integrated practice of long standing and requires a most searching analysis and consideration, before drastic changes are made in it," Mr. Ransom stated. "The problem of installment payment of fire premiums is relatively new and requires special consideration from a competitive standpoint."

### Questions of the Day

Mr. Ransom remarked that through examination of the various state regulatory acts, enacted since public law 15, many problems can be solved. However, he continued, a law cannot cover everything and questions do arise which the law does not contemplate. Undoubtedly, there will be court decisions in the future which will settle some of these questions, but at this time every effort should be made to work out answers with the respective departments on the basis of past practices and common sense. Some of the questions, he said, are:

Right of commissioner to change a ruling after informal notice only. Duty of bureau to notify members and subscribers of any proposed changes by the commissioner so they can request a hearing, if desired. Right of company to make separate filing other than under deviation provisions. Does premium payment plan require approval of commissioner? Right of commissioner to bypass decision as to discrimination and obtain decree from a court.

Conference with agents within the areas of collaboration wherever possible on rules and forms, will continue to be a policy of the association, Mr. Ransom declared. He cited as an example of constructive accomplishment through conference with local agents the recent adoption of the revised wind-storm and hail deductible programs for Alabama and Georgia.

### Central Authority

Mr. Ransom said the various regional organizations urgently feel the need for detached yet authoritative research. He visualized the establishment of a recognized central authority for the benefit of the business and the supervisory officials.

In treating the commission problem Mr. Ransom referred to the report of R. L. Ellis, made as retiring president of the Pacific Board. Mr. Ellis stated that if excessive commissions can be paid then present rates should be reduced and the public be given consideration. He also added that the payment

of commissions beyond what is a reasonable scale and for which allowance has been made in the rate, can lead to the demoralization of the entire business. "If these remarks are applicable to conditions on the Pacific Coast, Mr. Ransom observed, then certainly they are pertinent to our own territory."

The semi-annual meeting has been scheduled for Oct. 23-25 at Pinehurst, N. C.

### Farm Bureau Salesmen

A. E. Richardson of the Illinois Agricultural Assn. insurance companies takes exception to reference in the article in the Automobile & Aviation insurance edition of THE NATIONAL UNDERWRITER, dated May 19, to the effect that Farm Bureau insurers operate through salaried representatives. The writer meant to indicate that the salesmen of these companies are subject to head office stimulation and direction to a greater extent than are the independent local agents. Mr. Richardson said that he knows of no Farm Bureau that sells through salaried representatives. All agents of Farm Bureau insurance are on a commission basis and the regular agency setup. There is a good deal of training carried on in agents' meetings by salesmen-supervisors, he said.

### College Men to Make Study of North America

North America has granted three fellowships to university professors through the Foundation for Economic Education's college-business exchange program to study the inside workings of an insurance company.

The professors will be stationed at North America for six weeks commencing July 15.

The professors are James H. Greene, assistant professor of industrial engineering at Purdue; Richard W. Smith, in charge of marketing courses at Lehigh, and Richard D. Hartsig, instructor in finance at the commerce school of University of Pennsylvania.

The program is designed to encourage an exchange of information between teachers and business men.

### Northern to Increase Capital

Northern of New York stockholders have approved a proposal to increase capital from \$1 million to \$3 million by issuing 160,000 shares of stock of par value \$12.50; \$0,000 shares would be distributed to stockholders as 100% stock dividend. The remainder will be offered to stockholders at a price to be determined later, one share for each share held.

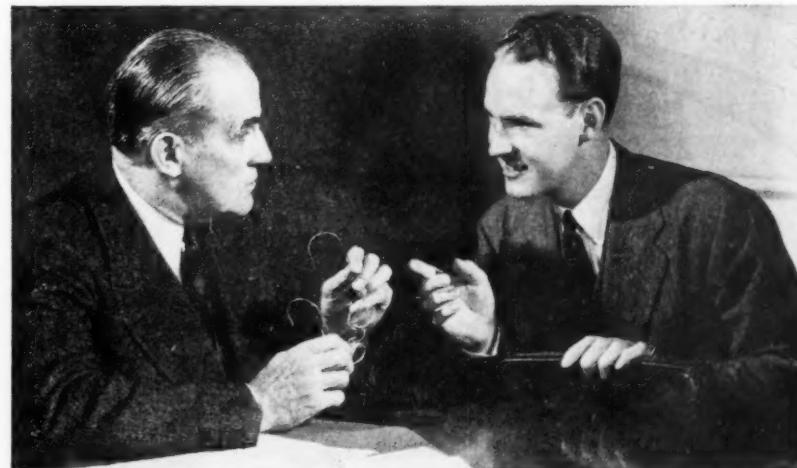
### Bankers F. & M. in Wash.

Bankers Fire & Marine of Alabama has entered Washington and has appointed Washington General Agency of Seattle to represent it in the state.

### Conduct Course at Meriden

Twenty-four agents and employees of agencies at Meriden, Conn., have completed a course in fire insurance and allied lines sponsored by Meriden Assn. of Insurance Agents. Discussion sessions were conducted by Henry J. Steebeck of Home. Eleven of those who took the course were women.

# IMPORTANT!



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## Cover Held to Be Replacement, Not Additional

The southern California federal court has given a decision for Mercantile and Reliance in an action brought by an assured who claimed that the policies of these companies were in effect at the time of the loss, the defense being that the agent was simply arranging at the time the loss occurred to replace half the line which he had been instructed to cancel by National Fire. The case was Gandelman vs. Mercantile, et al.

Edward Oelsner was the agent. Gandelman had a stock of merchandise insured for a provisional amount of \$100,000, being 100% of the total contributing insurance of \$175,000.

About April 2, 1947, National Fire directed Oelsner to reduce its liability to a provisional amount of \$50,000 being 50% of the total contributing insurance of \$140,000.

Oelsner had difficulty in placing the contributing insurance and at his suggestion, National Fire delivered to him an endorsement providing that the policy should be for the provisional amount of \$50,000, being 35% of the total con-

tributing insurance, with a limit of liability for all contributing insurance in the sum of \$200,000.

Mercantile authorized Oelsner about April 2 to issue \$5,000 cover, being 5% of the total contributing insurance with a limit of liability for all contributing insurance in the sum of \$200,000. He got Reliance to agree to go on for 7½% and the agent had in his possession these two policies and the proposed endorsement to the National policy.

On April 11, 1947, a fire occurred causing loss of \$143,978.

The last report of values that had been made in connection with the National policy was Nov. 30, 1946, and this was in the amount of \$101,766. National paid that amount under a compromise agreement. The court said the assured's inability to recover the full amount of his loss from National was caused by his failure to make his monthly report of values and this litigation is an attempt to recoup a portion of the loss from Mercantile and Reliance.

On May 17, 1947, Oelsner delivered to the assured the Mercantile and Reliance policies and billed him for the premium.

The assured testified that he had ordered additional insurance in the amount of \$25,000 over the telephone shortly before the policies were prepared. Hence he contends the two poli-

cies were valid contracts at the time of their preparation. Even if they were not, the post-loss conduct ratified those policies, he insisted.

The court said that the two policies and the National Fire's rider were intended as a substitute for the existing National policy and until such intention was carried out by mutual consent of all parties, no liability was created under the proposed substituted policies or the substituted rider. Insured ignores the rider to the National policy but seeks the benefits of the Mercantile and Reliance policies. He wants that which is to his benefit but rejects that which is detrimental. The agent had no authority to cancel or reduce the liability of the National policy without the insured's consent.

### Did Not Constitute Oral Contract

There was testimony that the insured called Oelsner on the telephone and ordered an additional \$25,000 insurance and Oelsner replied: "O.K. Sidney, you are covered." The court said it is crystal clear that this conversation did not constitute an oral contract for insurance. No company was mentioned in the conversation and this alone is fatal.

The policies involved do not represent or purport to represent additional insurance, but rather a percentage of a provisional risk of \$200,000. Insured already had 100% coverage with National and if he had complied with the provisions of that policy, his entire loss would have been covered plus additional insurance of \$25,000.

### Ohio Field Groups to Meet at Uniontown, Pa.

Fire Prevention Assn. of Ohio will hold its annual meeting at Summit House, Uniontown, Pa., June 15.

Raymond M. Young, state agent of Pacific National Fire, Philadelphia, will be the principal speaker, giving a visual presentation on fire safety. Mr. Young has designed and built this equipment and his presentation will be well worthwhile. The picture shows Mr. Young with the exhibit.

In addition to election of officers and reports of the officers and committees a



feature will be the premiere showing of a colored movie film record of the Delaware town inspection April 18.

Stock Fire Insurance Speakers Assn. of Ohio will present the Sam Coldwell Memorial Cup to the man chosen as making an outstanding record in public service work for stock fire companies.

There will be a joint meeting of Ohio Fire Underwriters Assn., Ohio Assn. of Fire Underwriters and Fire Prevention Assn. of Ohio, June 13. The banquet will be held the evening of June 15.

Ohio Fire Underwriters Assn. will hold its annual meeting June 14. Paul Courtney, organizational director of National Tax Equality Assn., Chicago, will be one of the principal speakers.

### Uniform Accounting Hearing

The New York department will conduct a hearing June 20 on uniform accounting. Deputy Superintendent George Kline will preside. The industry committee that has been working on the subject for the past year will report on its suggested revisions to regulation 30.

## Acquittal of Crime Doesn't Determine Civil Action

On the ground it was error to permit the introduction of evidence that the insured had been acquitted in a criminal action of the charge of willfully burning a truck to defraud the insurer, the Tennessee supreme court has reversed and remanded for a new trial the case of Tennessee Odin vs. Dickey, et al. In the civil suit, counsel for Tennessee Odin gave notice to opposing counsel in open court that they would object to any reference being made to the judgment of acquittal of Dickey in the criminal court. Following Dickey's testimony, the counsel for Tennessee Odin asked him on cross-examination if he did not procure certain persons to burn this truck to which he answered that he did not.

To rebut the proof of Tennessee Odin which pointed very strongly to Dickey's guilt, the trial judge permitted the introduction of the minutes of the court in the criminal case which showed that he was acquitted of the crime of arson. He instructed the jury that this could only be considered as reflecting upon the credibility of Dickey.

### Impaired the Only Defense

The supreme court said that the introduction of these minutes resulted in greatly impairing, if not destroying the only defense which the insurer had. In the criminal court it was an issue between the state and Dickey to redress a public wrong, while in the civil suit it is to enforce a private right arising under contract.

Ordinarily, a witness may be asked upon cross-examination questions as to whether or not he has been guilty of certain crimes involving moral turpitude. His answers are binding upon counsel. Not so in this case, first, because it was the sole and only defense to the plaintiff's suit, and secondly, the fact that the state was unable to prove "beyond a reasonable doubt" that Dickey was guilty of the crime of arson was wholly inadmissible upon the same issue in the civil suit in which his guilt could be shown by a preponderance of the evidence.

The supreme court said that when the minutes of the criminal court showing Dickey's acquittal of arson were offered in evidence, the jury might well have concluded that the insurer's defense was false even though the court instructed the jury that it should go only to his credibility. Tennessee Odin was entitled to have the issue of his guilt decided upon the preponderance of all the evidence regardless of a verdict of acquittal in the criminal court.

Richard Perkuhn, a senior of East High school, Wichita, has been awarded one of the 4-year scholarships of Kansas Inspection Bureau and Western Actuarial Bureau to Illinois Institute of Technology in fire protection engineering. He has been with Kansas Inspection Bureau at Wichita on a part-time basis the past year.

H. W. Heinrich, assistant superintendent of Travelers engineering and inspection division, spoke at the Virginia statewide safety conference at Roanoke.

Delegates of Topeka Insurance Women to the N.A.I.W. convention at Boston are Mrs. Eleanor Sage of the Webb Woodward agency, vice-president of N.A.I.W. and Hazel Gray Smith of Crum & Foster, president of the Topeka association.

The Albright agency at Winfield, Kan., has purchased the agency of the late H. A. Caton there.

Isadore Douglas has bought the interest of his partner Winston Reynolds, in the Reynolds & Douglas agency at Cheboygan, Mich. His son, Dale Douglas, has joined the agency.

Mrs. Frances W. Burch has been re-elected president of Insurance Women of Delaware.

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## Convention Dates

- June 8, Illinois Farm Agents Assn., annual, Jefferson Hotel, Peoria.
- June 12-16, National Assn. of Insurance Commissioners, annual, Quebec.
- June 14-16, National Assn. of Insurance Women, annual, Copley Plaza Hotel, Boston.
- June 14-16, Indiana Fire Underwriters Assn., annual, Maxinkuckee Inn, Culver.
- June 15-17, Virginia agents, annual, Homestead, Hot Springs.
- June 15-17, New England Assns. of Insurance Agents, Poland Spring Hotel, Poland Spring, Me.
- June 20-22, Wisconsin Fire Underwriters Assn., annual, Maxwelton Braes, Bailey's Harbor.
- June 20-22, Michigan Fire Underwriters Assn., Ramona Park Hotel, Harbor Springs.
- June 21-23, Maryland Assn. of Insurance Agents, summer convention, George Washington hotel, Ocean City.
- June 21-22, Minnesota Field Clubs, joint annual meetings, Pine Beach Hotel, Brainerd.
- June 21-22, Tennessee Fire Underwriters Assn., annual, Lookout Mountain Hotel, Chattanooga.
- June 21-22, Kentucky Fire Underwriters Assn., Fire Prevention Association, and Blue Goose, Kentucky Dam Village, Gilbertsville.
- June 23-24, Georgia Agents, annual, General Oglethorpe Hotel, Savannah.
- June 22-24, National Assn. of Independent Adjusters, annual, French Lick, Ind.
- June 26-30, International Assn. of A. & H. Underwriters, annual, Detroit.
- July 6-8, International Assn. of Insurance Counsel, Greenbrier hotel, White Sulphur Springs, W. Va.
- Aug. 8-10, Grand Nest of Blue Goose, French Lick Springs, Ind.
- Aug. 14-16, International Federation of Commercial Travelers Insurance Organizations, Lake Louise, Alberta, Can.
- Aug. 24-25, Minnesota Agents, annual, Hotel Nicollet, Minneapolis.
- Sept. 6-8, C.P.C.U., annual, Cleveland.
- Sept. 10-12, Montana Agents, annual, Billings.
- Sept. 10-12, Pennsylvania Agents, annual, Bedford Springs Hotel, Bedford.
- Sept. 14-16, Washington Agents, annual, Spokane.
- Sept. 14-16, Federation of Insurance Counsel, annual meeting, Atlantic City.
- Sept. 18-20, International Claim Assn., Greenbrier hotel, White Sulphur Springs.
- Sept. 18-20, American Bar Assn., insurance section, Willard hotel, Washington, D. C.
- Sept. 20-22, Oregon Agents, annual, Portland.
- Sept. 22-23, Utah agents, annual, Hotel Utah, Salt Lake City.
- Sept. 25-26, New Jersey agents, annual, Hotel Claridge, Atlantic City.
- Sept. 25-27, Bureau of A. & H. Underwriters, annual, Sky Top Manor, Poconos, Stroudsburg, Pa.
- Sept. 25-27, Idaho Agents, annual, Sun Valley.
- Sept. 25-26, New Jersey agents, annual, Hotel Claridge, Atlantic City.
- Oct. 2-5, National Assn. of Insurance Agents, annual, Stevens Hotel, Chicago.
- Oct. 12-13, South Carolina agents, annual, Columbia Hotel, Columbia.
- Oct. 16-18, National Assn. of Mutual Insurance Agents, annual, Hotel Statler, N. Y.
- Oct. 12-13, South Carolina agents, annual, Columbia Hotel, Columbia.
- Oct. 16, Rhode Island Assn. of Insurance Agents, annual Sheraton-Biltmore Hotel, Oct. 16.
- Oct. 22-24, Arizona agents, annual, Westward Ho Hotel, Phoenix.
- Oct. 23-25, California Agents, annual, Fairmont and Mark Hopkins hotels, San Francisco.
- Oct. 24-25, Massachusetts Agents, annual, Springfield.
- Oct. 24-26, Wisconsin Agents, annual, Hotel Schroeder, Milwaukee.
- Oct. 25-27, Kansas Agents, annual, Wichita.
- Oct. 26-27, Tennessee agents, annual, Hotel Peabody, Memphis.
- Nov. 13-15, Indiana Assn. of Insurance Agents, annual, Claypool hotel, Indianapolis.
- Nov. 13-15, Kentucky Agents, annual, Kentucky hotel, Louisville.
- Nov. 15-16, Connecticut Agents, annual, Hotel Bond, Hartford.
- Nov. 27-28, Missouri agents, annual, Elms Hotel, Excelsior Springs.
- Dec. 10-15, National Association of Insurance Commissioners, midyear, Biltmore Hotel, Los Angeles.

## Fascinating First Facts!



### THE FIRST PARACHUTE JUMP

How would you like to be the very first person to parachute from an airplane? (Most of us would hate to try it, let alone be the pioneer.) Capt. Bert Berry of the U. S. Army took the first jump with a packed parachute in March, 1912. Jumping from an altitude of 2,500 feet, his parachute opened almost immediately and he landed safely.

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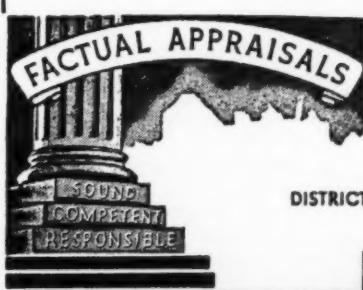
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## AS SEEN FROM CHICAGO

### McGURK NOW IN FIELD

Francis J. McGurk has been assigned to the Chicago and Cook county field of Firemen's. He has been a trainee in the Cook county department for the past five years.

### FARM EXAMINERS' TOUR

A. M. Barnum, farm engineer for Hartford Fire, conducted 19 members of Farm Examiners Club of Chicago on an inspection tour of the two Cornell farms and the Buck farm near West Chicago. He directed attention to

points of frequent physical hazards on the farm and gave instructions on appraisal of farm buildings. The group enjoyed a lunch.

### HAASE NEW PRESIDENT

Robert C. Haase of the independent adjusting firm of Colford & Haase, Inc., was elected president of Adjusters Assn. of Chicago at the annual meeting succeeding Alden Schidler of Western Adjustment.

Vice-president is Leo Walsh of Underwriters Adjusting; treasurer, Les-

ter G. Schreiber, Toplis & Harding; secretary is S. L. Bassett of Western Adjustment.

The golf outing is to be held at Elmhurst Country Club July 6.

### C.P.C.U. LUNCHEON

The Chicago chapter of C.P.C.U. held a luncheon for candidates about to take C.P.C.U. examinations. There were 55 present at the luncheon at which pointers were given and questions answered by chapter members about the examinations.

It was announced that the annual golf outing of the Chicago C.P.C.U. will be held on June 22 at Rockford.

### STEWART IN FIELD

Atlas Assurance has appointed William A. Stewart special agent for Chicago and Cook county to take over the duties formerly handled by Donald J. Neal, now assistant manager of the western department. Mr. Stewart is a graduate of Moberly Junior College, Moberly, Mo., and has served in various departments of the Chicago office. He served in the army 3½ years.

### N. B. & M. RECEPTION

The Chicago offices of North British & Mercantile are moving into their new location at 309 West Jackson boulevard, June 6 and on June 23 there will be open house presided over by the manager, S. R. Howard. It is expected that John Magenheimer, secretary from the head office and W. J. Traynor, assistant secretary, will be present for the festivities.

The western department of the Marine Office of America which for many years has been located in A-1724 Insurance Exchange, moved to new offices in room 641.

Howard C. Bates, chief underwriter at Chicago for Kurt Hitke & Co. for many years, has resigned. He will announce a new Chicago connection shortly.

The Chicago Insurance Accountants Assn. is holding its annual social outing on June 8. There will be buffet supper, dancing and cards.

ducted by the present company, which will operate under the name of Matthews Wrightson Pulbrook, the first directors of which are Anthony Gilchrist Wrightson, Sir Eustace R. Pulbrook, George J. L. Menges, and Eric E. N. Causton.

The John C. Weghorn agency, New York City, has been appointed metropolitan agents for fire and automobile and binding agents countrywide by Homeland.

## COMPANIES

### L. & L. Reports '49 Was Best Year Ever

The annual head office report of London & Lancashire has now become available, showing net premiums in the fire department of £7,208,594 as compared with £6,772,843 the previous year. Surplus amounted to £866,404 and the fire funds stand at £5,383,438. In the accident and general department the premiums amounted to £6,016,277 as against £5,487,114. Surplus was £432,106 and the accident funds are £3,406,511. In the marine department the premiums were £4,693,719 as against £4,073,562 and the marine funds stand at £6,136,387.

Sir Arthur S. Rogers, the chairman, in his statement said that 1949 was the best ever for L. & L., both as regards volume of premium and volume of profit and it is spread over all the departments. There was a satisfactory experience in all the principal countries in which L. & L. operates. He spoke highly of the U. S. operation under Gilbert Kingan, the U. S. manager.

He pointed out that in the fire and accident departments premiums were £13,224,871, which was an increase of nearly £1 million, and the profit was £1,298,510, or just under 10%.

### National Union Puts Stock on \$1.60 Basis

National Union Fire has declared a quarterly dividend of 40 cents a share, payable June 26 to stock of record June 7. This is an increase in the annual rate from \$1.40 to \$1.60.

### American Union in Canada

American Union has entered Canada to write fire and affiliated lines. A. S. Hamilton of Toronto has been named manager for Canada. The company plans to operate in British Columbia, Alberta, the Maritimes and Ontario.

### Cage Heads Dallas Co.

Ben Jack Cage of Dallas is president of a new company that has been formed with capital of \$200,000 and net surplus of \$150,000. The name is Insurance Co. of Texas. Robert F. Talbott of Dallas and L. W. Kellogg of Houston are vice-presidents and John G. Vaughan of Dallas is secretary.

### Cal. License Denied

Commissioner Downey has denied the application of Penn Liberty of Philadelphia for admission to California. The denial is without prejudice, giving the company the privilege of making application at some future date.

Affiliated F.M. of Providence has been licensed in Connecticut to write fire and allied lines.

Halifax has been licensed in Kansas for reinsurance only.

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#### PENISTON PRESIDENT

Eric W. Peniston has been elected president of Insurance Brokers Assn. of New York. Arne Foss of Frank B. Hall & Co. was elected first vice-president; G. Foster Sanford of Smyth, Sanford & Gerard, second vice-president; John O. Cole of Stewart, Hencken & Will, secretary and S. Stanley Gray of McLean & McLean, continues as treasurer.

The new president succeeds George E. Nichols of Gaines, Silvey & Nichols. Mr. Peniston is president of R. C. Rathbone & Son. He was born in Bermuda in 1908. He came to this country in 1925 and joined R. C. Rathbone in 1932, becoming a citizen in the same year. He was licensed as an insurance broker in 1936.

#### LLOYDS FIRM REVAMPED

Matthews, Wrightson & Co., Ltd., insurance brokers and underwriters at London Lloyds, have formed a new company with an issued share capital of £100,000 which will conduct their insurance brokerage business under the present name and the same directorate.

The underwriting agency business at Lloyds will continue to be con-

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## NEWS OF FIELD MEN

### Hershe and Klosterman New Missouri Presidents

William B. Hershe, St. Paul Fire & Marine, Kansas City, was elected president of Missouri Fire Underwriters Assn. at its annual meeting at Rockaway Beach. Vice-President is Arthur L. Corey, Travelers Fire, St. Louis, and secretary, Leo B. Gribble, Royal-Liverpool, Kansas City. Miss Agnes Murphy of Kansas City was renamed assistant secretary.

New officers of Missouri Fire Prevention Assn. are: President, W. H. Klosterman, Loyalty group, St. Louis; vice-president, Robert Murdock, National Union, Kansas City, and secretary, Douglas Brooks, Home, St. Louis; executive committee, Stephen Lefterson and Henry Teicher, Royal-Liverpool, co-chairmen; Robert Bolling, Sun; Walter Steffy, Commercial Union; M. W. Brockmann, National Fire; Vertner Read, Kansas City F. & M.; L. S. Poor, Missouri Inspection Bureau, and Paul W. Terry, Missouri Inspection Bureau. Public relations were stressed at a joint session of the two associations at which Walter Dithmer of Western Underwriters Assn. Chicago, was the principal speaker.

Henry Teicher, Royal-Liverpool, Kansas City, and Robert M. Gisburne, Home, St. Louis, reported on the six very successful regional agents' meetings held in Missouri the past year. The Missouri caravan, it appeared, rolled very effectively. One meeting, at Chillicothe, had to be cancelled because of the severe storms about that time.

### Security Names Field Men in Carolinas and Illinois

Security of New Haven has appointed Marvin O. Williams special agent for North and South Carolina, with headquarters in the Dixie building, Greensboro, N. C.

Mr. Williams has had extensive insurance experience. He completed his education at New York University and served in the army air force during the war.

Security has appointed Charles R. Peck, Jr., as state agent for northern Illinois, with headquarters in the Talcott building, Rockford.

Mr. Peck has had wide experience in the insurance business, having traveled the northern Illinois field as state agent for both fire and casualty companies and until going with the Security Group was associated with a large local agency.

### Varied Program Set for Minnesota Field Rallies

Field men of Minnesota have two busy days mapped out for them June 21-22 when they hold their annual outing at Gull lake near Brainerd.

On the opening day Minnesota Fire Underwriters Assn. and Northwest Bureau Field Club will hold their meetings. The program will wind up with a public relations dinner and reports of committees.

Minnesota Fire Prevention Assn. will hold its meeting the second day and that evening the Blue Goose will hold its annual banquet. There will be a varied program of sports.

### Cameron Named State Agent by North British Group

Douglas A. Cameron has joined the North British group as state agent for western Michigan, with headquarters at Grand Rapids.

Mr. Cameron, after graduating from Michigan State College, served three years in the air force. For the past six years, he has been state agent of Phoenix of England for Wisconsin and

upper Michigan, with headquarters at Milwaukee.

### Indiana Pond Meeting

The annual meeting and frolic of Indiana Blue Goose will be held at Ulen Country Club, Lebanon, June 12. During the afternoon a golf tournament will be conducted prior to the business meeting. Twenty-five year pins will be awarded to Paul Carson, America Fore; George Juenger, Secured F. & M.; Ross Moore, Loyalty group; George Pritchett, American; C. A. Woerner, Fidelity-Phenix; Gus Daseke, Farm Bureau; Herbert Barr, Commerce; Joe Spitzmesser, Western Adjustment.

### Seattle Pond Rally June 23

Lloyd B. Beattie, Home, is slated to be elevated to most loyal gander of Seattle Blue Goose at the annual meeting June 23. Other officers also will be advanced. The program will include a golf tournament and business session, followed by a social hour and banquet.

### Roswell, N. M., Is Inspected

Roswell, N. M., was inspected by Fire Underwriters Assn. of the Mountain States, with 43 field men and inspectors on hand. Emmett Cox, Western Actuarial Bureau, Chicago, spoke at the dinner with about 200 in attendance. Two 15-minute radio talks were scheduled. There was a panel discussion with W. T. Ferry, North British, chairman of the fire prevention committee, as moderator.

### Pennsylvania Changes

With the rearrangement of its western Pennsylvania field, Fireman's Fund has appointed Herbert T. Hecht as fire special agent and has assigned additional territory to Carlton Timmermann.

### Heart of America Election

Heart of America Blue Goose at Kansas City, Mo., has elected W. B. Hershe,

St. Paul, loyal gander; T. B. McCaffrey, Home, supervisor; H. E. Johnson, Jr., Aetna Fire, custodian; G. M. Lynch, Jr., Western Adjustment, guardian of the pond; K. L. Hinst, American, keeper, and C. M. Mills, North British, wielder. Six candidates were initiated.

### Neb. Preventionists Elect

New officers of Nebraska Fire Prevention Assn. are: President, T. P. Blinn, Hanover; secretary, R. E. Forrest, America Fore; assistant secretary, L. N. Witzenburg, North America, all of Omaha.

The Direct Reporting Fieldmen of Denver are holding their annual outing at Lakewood Country Club June 12.

The annual outing of Anthracite Field Club of Pennsylvania is being held at Iram Temple Country Club, Dallas, June 14.

The Wichita Blue Goose auxiliary of the Sunflower puddle named Mrs. H. C. Dixon president, succeeding Mrs. D. M. Quinn. Vice-president is Mrs. M. M. Douglas and secretary, Mrs. Robert E. Jackson.

### FTC Marine Probe

WASHINGTON — Edward W. Thomerson, assistant general counsel in charge of insurance legal matters coming to federal trade commission, says a field investigation is proceeding of a complaint involving inland marine. He declined to name the company or other parties involved, but asserted there is "no general investigation of inland marine."

However, insurance representatives here rather expect the investigation will become more general. This involves a complaint of "double" insurance of a fur coat for which additional premium was reported demanded by a storage concern. The owner protested the coat was already insured, and filed complaint.

Recently, FTC Commissioner Carson told a congressional committee there were half a dozen fields in which FTC has jurisdiction. But he did not name them. Elsewhere, he has mentioned marine and reinsurance as fields unregulated by the states.

## Local Agent Views Deductible

*From Cecil R. Satterthwaite, local agent of Salem, Ill.:*

Every week I read both the life and the general insurance issues of THE NATIONAL UNDERWRITER, and many times I have read editorials and articles that did us a lot of good and that I approved wholeheartedly, but seldom have I read an editorial that I appreciated more than your editorial in the May 25 issue under the title, "Deductibles."

I agree wholeheartedly with your article, I think more particularly because the constant use and increase of deductible coverages can only hurry the time when the federal government will encroach still further upon your business and mine. I think it would be a much better policy to follow to increase the rates to the place where we could pay the public's claims—I mean all justifiable and equitable claims—without any argument, and I also think that the American people will pay the higher premiums without too much argument from their side.

### N. J. Rules, Forms Committee

NEWARK — President H. Earl Munz of New Jersey Assn. of Insurance Agents has appointed a "rules and forms" committee composed of Russell E. Stevens and Deane Merrill of Newark and Herbert A. Faunce, Atlantic City.

The committee is to confer with Fire Insurance Rating Organization of New Jersey on matters pertaining to rules and forms promulgated by that organization.

### Defer Mich. Escott Hearing

LANSING, MICH.—A scheduled Michigan department hearing on the so-called Escott plan for handling multiple location fire risks was postponed from June 1 until some undetermined date following the Quebec convention of National Assn. of Insurance Commissioners. Commissioner Forbes said the protesting companies and the rating bureau had agreed to the deferment.

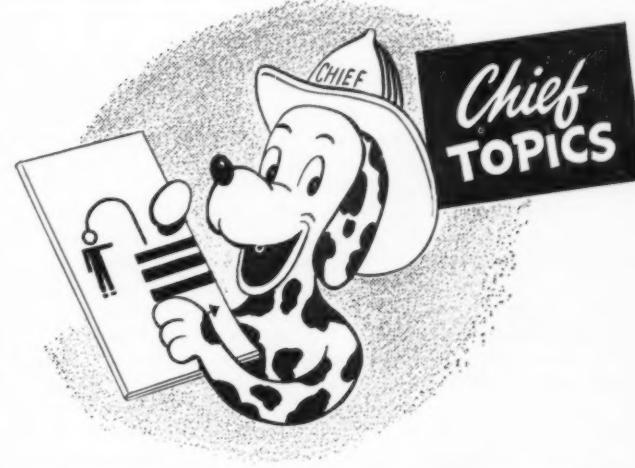
## The folks here at Central are getting out a new edition . . .

of one of our "best sellers." It's called "The New Way to Buy Property Insurance." This book first came out last year and was offered through Central agents and brokers to policyholders and prospects. The book was quite a hit and many of our agents and brokers have requested that we offer it again this year.

I thought it might be of interest to you if I quoted what the book says about Central agents and brokers. Here it is:

"The Central is an agency company—it is represented in over 2000 towns and cities by local insurance men who have made property insurance their life work. In most cases, The Central agent will be one of the leading agents in your community. In every case, The Central agent is chosen for his insurance ability and skill in analyzing and serving the property owner's needs. Consult him."

If you are not already a Central agent, write us for complete information. We'll be glad to tell you about The Central plan for agents and brokers.





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MANUFACTURERS' MUTUAL INSURANCE COMPANY  
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## EDITORIAL COMMENT

### Synthetic Ethics

In addressing the annual meeting of Assn. of Insurance Advertisers, Brad Hunt of St. Louis, the vice-president, spoke of the grievous situation of these companies prior to the time that they formed their organization. He said there were no standards to apply, no yardstick, no way of knowing whether certain widely used advertising claims were to be considered as false or fraudulent pretenses, representations and promises.

This is a problem that has never perplexed the insurance business in general. It is a problem that will never arise for any insurance company that is dignified, that possesses the true sense of trusteeship and the common conscience that characterizes American insurance. It is a problem that can only arise for a company that is deliberately flirting with off-color schemes. No amount of self-policing could transform

this type of insurance operation into the pattern that is created by management that doesn't have to be told by federal trade commission what constitute false or fraudulent pretenses, representations and promises.

The vast majority of insurance companies don't have to form a compact to distinguish false and fraudulent pretenses, etc., and to agree to keep above an ethical line prescribed by government. The ethics of American insurance are ingrained and natural, not synthetic.

What prompts this tart comparison is Mr. Hunt's thesis that the rest of the insurance business should follow in the path of the mail order people in getting up codes of ethics and having them validated by FTC. That one we decidedly are not buying. These people are in praiseworthy fashion making a virtue out of necessity, but their road to virtue is theirs and theirs alone.

### New Horizons for Farm Agent

Farm agents have ahead of them an opportunity and at the same time the competitive necessity of reviewing the insurance program of just about every one of their farm customers. This comes about because on Aug. 1, Inland Marine Insurance Bureau takes jurisdiction of marine forms insuring mobile farm machinery and equipment and livestock. That won't be the exact kick-off date because thereafter the rates and conditions will have to be filed in the various states, but at least by fall the farm agents will have an important new underwriting factor to take into account.

It would seem to be wise strategy, even at this date, in visits with customers to apprise them that there is something new on the horizon in the farm insurance market, to say that it might not be suitable for this particular farmer, but when the time comes the agent will go into the matter thoroughly with the customer. That would serve to take the edge off the possible approach by a competitor who might seek to be the first with the tidings of the new insurance program and might in that way gain an entree and pick holes in the farmer's present setup. Also it would serve to excite the curiosity of the customer and get him to thinking about his insurance program.

For some time, the marine people have been treading in the barnyards,

especially those that are with companies that do not operate full-fledged farm insurance departments. A variety of rates have been quoted and the terms and conditions of coverage have been various. Now that the sea-faring insurance folk in their barnyard insurance excursions are to pursue a uniform course, the agent and the farmer will have some definite reference points and can weigh the differences in cost and coverage more intelligently.

It is certain that this step on the part of I.M.I.B. will quicken the interest of many insurers in the farm field and it will keep the established farm underwriters on their toes. It is likely to cause the acceleration of changes in farm underwriting practices. It will place a new premium on skill, industry and conscientiousness on the part of the farm agent and may very well serve to shove the farm agent, who drifts along in a routine way, far back in the procession.

Actually there will be much discussion as to whether the marine program or the traditional farm insurance method is better in general, or for a particular risk. It will behoove every agent, however, to have a thorough understanding of the two plans, and a simple comparison of costs and conditions. And he must be prepared to advise the farmer of the alternatives and be able to make an intelligent recommendation to

him.

The great opportunity, as we see it, is that this requires the agent to make a thorough analysis of the farmer's insurance setup rather than merely arranging for a renewal on the old terms. It gives the agent an excuse to go into insurance matters in a thorough way. Even though the marine coverage is ruled out, the interview can be directed toward increasing the amounts of insurance and particularly towards effecting complete protection especially on personal property. In other words, the problems created by this new element in the farm insurance market can be used as a springboard to accomplish great improvements in overall coverage for the farmers. It should also serve to get the agent into circulation to a much greater extent and to give him the stimulation that comes from creative salesmanship.

Comparisons between the two types of coverage that could be made now would perhaps be invalidated by the time that the marine program is available, but presently there appear to be differences that every farmer would have to consider carefully from his own standpoint.

On the matter of coverages, the marine contract goes beyond the fire and extended coverage hazards that are available through the regular farm market so as to include such things as earthquake, flood, collapse of bridges and culverts, stranding of vessels, etc. Here the farmer would have to decide whether the additional hazards are important enough to him to justify switching his insurance, and there will be the question of costs. The rate for fire and extended coverage on personal property is 76c in Illinois, whereas the rate on machinery under the marine plan is 85c.

Another important difference is the fact that in the marine machinery policy

every item insured must be listed together with a description of it and the amount of insurance, whereas, under the usual farm form there are simply two items, one for ordinary machinery and the other for heavy machinery. In the marine form it is specified that the insurer shall not be liable in event of loss or damage for a greater proportion of such loss or damage than the amount the insurance bears to the actual cash value. That, of course, is in the nature of a coinsurance provision that is not found in the farm policy. Here the final decision might be that the farmer would prefer the traditional farm policy and, in the course of arriving at that decision he would be very likely and could be helped along in doing so, to take stock of the machinery that he possesses and the outcome might very well be to increase the amount of insurance under one or both items in the regular farm contract.

In the livestock field, there are also differences. For instance, the farm form provides that if the insured carries coverage of not more than \$250 per horse, \$200 per head of cattle, \$30 per head on hogs and \$15 on sheep, the total amount of insurance shall not be less than  $\frac{3}{4}$  of the sum obtained by multiplying the sum per animal in a class by the total number of animals in each class. If more than that limit is carried then the whole amount of insurance must be the total number of head of animals times the limit.

In the marine contract, regardless of the limit that is collected, the amount of insurance must be the number of head times the limit.

There will be numerous other differences, but these can be better assayed when the actual time arrives, although this is the time for agents to prepare for the day and map a systematic campaign of activity among their customers for this fall.

## PERSONAL SIDE OF THE BUSINESS

**J. L. Mylod**, president Pacific National Fire and newly elected chairman of Manufacturers Casualty, visited the home office of the latter company in Philadelphia last week. He is expected to return before the end of June.

**Herbert Cobb Stebbins** of the Cobb & Stebbins general agency of Denver and Mrs. Stebbins announce the marriage of their daughter, Linda Lee, to Paul Anthony Covello.

**Alfred D. Mason, Sr.**, of Carrington Mason & Sons, Memphis, has been continuously connected with the agency, founded by his father in 1866, since 1892. The agency has represented Home since its organization. He has received both 25- and 50-year certificates for

Home representation. He plans to retire Aug. 1.

**Gordon A. Bubolz**, Appleton, Wis., president of Home Mutual, secretary of Home Mutual Casualty, and president of Bubolz Mutual Town Fire, has decided to seek the Republican nomination for governor, following the decision of Gov. Rennebohm not to seek reelection because of his health. He has served several terms as state senator and was chairman of the G.O.P. platform committee in 1948.

**Frank C. Beazley**, vice president of Phoenix of Hartford, was honored by his office associates on the occasion of his 25th anniversary with the group, at a luncheon at San Francisco. He was

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ciate Manager; George E. Wohlgemuth, News Editor; Arthur W. Rigg, Statistician.

**DALLAS 1, TEXAS**—302 Wilson Bldg., Tel. Prospect 7-1127. Roy H. Lang, Southwestern Manager.

**DES MOINES 12, IOWA**—3333 Grand Ave., Tel. 7-4677. R. J. Chapman, Resident Manager.

**DETROIT 26, MICH.**—532 Lafayette Bldg. Tel. Woodward 3-2826. A. J. Edwards, Resident Manager.

**NEW YORK 7, N. Y.**—99 John St. Room 1103, Tel. Beekman 3-3958. Editorial Dept.—Eastern Editor: Kenneth O. Force; Assistant Editor: Donald J. Reap.

Business Dept.—Ralph E. Richman, Vice-Pres.; J. T. Curtin, Resident Manager.

**PHILADELPHIA 9, PA.**—123 S. Broad Street, Room 1127. Tel. Pennypacker 5-3706. E. H. Frederikson, Resident Manager.

**PITTSBURGH 22, PA.**—503 Columbia Bldg. Tel. Court 2494. Jack Verde Stroup, Resident Manager.

**SAN FRANCISCO 4, CAL.**—507 Flatiron Bldg. Tel. EXbrook 2-3054. F. W. Bland, Pacific Coast Manager.



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presented with a pin, a symbol of his election to membership in the Twenty-Five Year Club.

Mr. Beazley was graduated from Texas A. & M. and entered the insurance business in the office of Trezevant & Cochran at Dallas. He started in 1925 as state agent for Connecticut Fire in Oklahoma. In 1935 he was transferred to Kansas as state agent for the group and in 1937, moved to Minneapolis as state agent and secretary of Minneapolis Fire Marine. In 1940 he became assistant manager of the Pacific department and, in 1941, manager. In 1944 he was elected vice president of the companies.

**A. T. Cabell**, state agent for Northern Assurance at Denver, has written a march for the Denver lodge of the Shrine, El Jebel, entitled "Salute to El Jebel," and it was dedicated to the El Jebel Shrine at the ceremonial at Denver. The El Jebel band presented the march to the 2,500 nobles present, and it was well received. It is to be featured by El Jebel at the Shrine convention at Los Angeles.

**Jack Wight**, farm examiner in the western department of Hartford Fire, has resigned to enter the ministry in Texas.

**Thomas Guilfoil** of St. Louis, chief counsel for the Missouri department, has taken a two-month leave of absence to serve as executive director of the campaign of former Congressman Thomas C. Hennings, Jr., of St. Louis for the Democratic nomination for United States Senator. He is scheduled to resume his position with the department after the primary.

**Henry F. Collins**, for many years state agent at Denver for Springfield Fire & Marine, is confined to the Community hospital at Boulder, Colo., having suffered a rather severe heart attack.

**Thomas W. Russell**, partner in the Allen, Russell & Allen agency of Hartford, has been appointed chairman of the Connecticut Republican finance committee.

**Henry B. House**, assistant secretary of Aetna Fire, has just celebrated his 35th anniversary with the company. He has spent that entire time in the marine department, first as clerk, then examiner, then marine agency supervisor, in 1944 marine superintendent, and in 1946 assistant secretary.

**Carl N. Jacobs**, president of Hardware Mutual Casualty, has been named to fill one of two vacancies in directors-at-large of U. S. Chamber of Commerce. This selection was made by the chamber's directors. Mr. Jacobs had not been reelected as a director representing insurance, at the annual meeting of the chamber.

### Cushing Heads New Assn.

William J. Cushing, Southington, Conn., has been elected president of the newly-formed Southington-Cheshire Assn. of Insurance Agents. Other officers are R. W. Fox, Cheshire, vice-president; Russell F. Stone, Southington, secretary, and William J. Hurley, Southington, treasurer.

**Donald D. Cook**, former FBI agent, and now a special investigator for National Board, has been appointed safety director of the city of Columbus. He has been granted a leave of absence by the board.



**PEDIGREE COUNTS — THE BOXER** — a blue ribbon winner everywhere. Courageous, lovable and faithful. A "he-man's" dog but grand also for the youngsters.

The Northern Assurance was organized in 1836 as an Agency Company. It has remained so All-Ways.

THE NORTHERN ASSURANCE CO. Ltd.

## DEATHS

**CHARLES M. PARK**, retired chief rater for the Wisconsin department, died at a hospital at Stevens Point, Wis., where he had been taken after a fall which fractured his hip. Mr. Park was one of the deans of fire insurance raters, having been trained with the old Wisconsin Inspection Bureau from 1909-1917. Prior to that he had been an agent at Minneapolis and Milwaukee. He became chief rater of the Wisconsin department in 1917, leaving that post a year later to become Wisconsin state agent for London Assurance. He returned to the department as chief rater in 1930, remaining there until his retirement in 1946. Mr. Park was an honorary member of Wisconsin Fire Underwriters Assn. and was active in Wisconsin field groups.

**MAJ. AUSTIN B. KINNAIRD** of the prominent Booker-Kinnaid local agency of Louisville, died in Nichols hospital in that city at the age of 74. He had been ill about a year. He had been in the local agency business 48 years. During the Spanish-American war he organized Louisville Business Men's Training Corps and he became a major in the army. He was a graduate of Center college.

In the late 20's the Booker & Kinnaid agency held national spot light, when it resigned from Louisville Board rather than resign representation of Firemen's, after Neal Bassett, the president of Firemen's, appointed Fidelity & Columbia Trust Co. as agents at a time when there was a big fight against bank agencies, and when the board insisted that an agent member could not represent a company in a non-board agency.

Some years later Fidelity & Columbia formed an insurance company, rather than operating merely as an agency, which brought peace, and Booker & Kinnaid returned to the board.

**HENRY R. VISKER**, 48, special agent for Norwich Union Fire, died at McKownville, N. Y. He had been with the company 15 years.

**PUTNAM McDOWELL**, vice-president and superintendent of agencies of Craftsman, drowned with two companions while fishing off Chatham, Cape Cod. His body was found on the beach six days later.

Mr. McDowell was for five years vice-president and agency director of Eastern Casualty, of which his father, Corwin McDowell, was president. Subsequently he was for five years superintendent of agents and a director of Federal Life & Casualty, after which for six years he served Continental Casualty as agency supervisor. He had been with Craftsman seven years.

**WALTER T. GALLAWAY**, 61, died after a prolonged illness. He had been in adjustment work at San Antonio since 1920. He served as manager of Fire Companies Adjustment Bureau for a number of years and as general adjuster for several years after the change of name to General Adjustment Bureau.

He retired in 1949. He was a life member of the Blue Goose.

**WILLIAM H. HOTCHKISS**, 86, New York insurance superintendent from 1909-12 when Charles E. Hughes was governor, died. He practiced law for many years prior to becoming superintendent. From 1933-45 he was a member of New York state insurance board.

Mr. Hotchkiss has always been regarded as the dean of New York superintendents. He went into office under **W. H. Hotchkiss** Hughes just after the Armstrong investigation of life insurance had won Hughes his spurs and the governorship and Mr. Hotchkiss aided much in setting the new style for insurance operations. Mr. Hotchkiss was a graduate of Hamilton college, class of 1889.

**ROLLIN W. SPIEGEL**, 64, chairman of Merchants Fire of Indiana and formerly vice-president of Indiana Retail Merchants Mutual Fire, died at Indianapolis.

The western department of Firemen's lost two of its important men by death in the past few days. **JOHN N. THELEN**, who had been superintendent of the farm department for 25 years, died at Masonic hospital at the age of 63. He had been ill for several months. **ARTHUR C.UTESCH**, who had been an invalid for the past two years following a heart attack, died at his home at Chicago. For the past 10 years he had been Chicago and Cook county special agent. Prior to that he had handled the insurance department of a bank on the south side of Chicago. His age was 55.

**MYRON S. HARLAN**, head of an agency bearing his name at Indianapolis, died at Methodist Hospital there. Mrs. Vera Todd, who has been with the agency 26 years, will continue to operate the agency as manager.

**G. W. CHADBOURNE**, widely known local agent at Brainerd, Minn., is dead.

**HARRY W. JARRETT**, 61, a local agent at Thompsonville, Conn., died after a long illness. Since 1933 he had operated his own agency there. He went to Thompsonville in 1923 as a partner in the Brainerd-Ahrens agency.

**JOHN E. HEARD**, 72, Arkansas City, Kan., agent for more than 25 years, died of a heart attack.

**PAUL G. HENDERSON**, 67, Union, N. J., retired claims adjuster of Globe Indemnity, died in Summit, N. J. He was with Globe 20 years before retiring in 1945.

**RUSSEL S. SWAN**, agency supervisor for Vernon General of Indianapolis, died Tuesday after an illness of two months.



Charles M. Park



W. H. Hotchkiss

THE  
PHOENIX-CONNECTICUT  
GROUP  
of  
Fire Insurance Companies



**The Phoenix**  
Insurance Company, Hartford, Conn.  
1873

**The Connecticut**  
Fire Insurance Company, Hartford, Conn.  
1850

**EQUITABLE**  
Fire & Marine Insurance Company  
PROVIDENCE, R.I.  
1859

ATLANTIC FIRE INSURANCE CO.  
Raleigh, North Carolina

THE CENTRAL STATES FIRE INS. CO.  
Wichita, Kansas

GREAT EASTERN FIRE INSURANCE CO.  
White Plains, N. Y.

MINNEAPOLIS F. & M. INSURANCE CO.  
Minneapolis, Minn.

RELIANCE INS. CO. OF CANADA  
Montreal, Canada



HARTFORD  
30 Trinity Street

CHICAGO  
Insurance Exchange

NEW YORK  
110 William Street

SAN FRANCISCO  
220 Montgomery Street

MONTREAL  
485 McGill Street



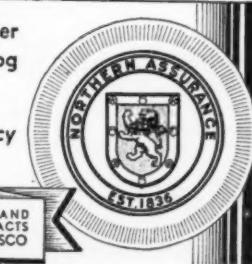
All Forms of Fire and

Property Insurance including

Ocean and Inland Marine

Country-wide Brokerage Service

TIME TRIED & FIRE TESTED



FIRE AND ALLIED LINES, AUTOMOBILE INLAND  
MARINE - REPORTING FORM - FLOATER CONTRACTS  
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## Extensive Changes Made in 3 Fields of Coverage

### Glass, Combination Resi- dence, Comprehensive Personal and Farmers

National Bureau of Casualty Underwriters announces a revision of the comprehensive glass policy and a new combination residence policy, effective June 5, except in Texas where they are effective July 15. Both forms have been placed on a standard provisions basis for the first time. Also announced are substantive changes in the rules and classifications of the comprehensive and farmers comprehensive personal liability programs.

The revision of the glass policy was undertaken principally to effect language clarification rather than changes of substance. The word "accidental" has been deleted as an unnecessary qualification on coverage for breakage of glass. Damage by chemicals accidentally or maliciously applied no longer must render the glass unfit for its intended purpose. The cost of temporarily boarding up "openings" rather than "windows" is covered, since the damaged glass may be in a door. Coverage for such temporary installations is extended to cases where the glass is damaged by chemicals as well as to broken glass.

#### Removal of Obstructions

Coverage for removal of obstructions is expected to replacing damaged lettering or ornamentation as well as to replacing damaged glass. The limit of liability has been modified so that it will not exceed the cost of repairing or replacing the damaged property with other property of the nearest obtainable kind and quality. This modification is necessary to meet cases of damage to objects of art and undescribed glass, the value of which is not apparent to the insurer, and also cases where loss of one square of structural glass, which cannot be matched as to color or quality, might be considered a loss of the entire wall containing such glass. The aggregate limit of \$150 for loss because of repairing or replacing frames, making temporary installations and removing obstructions has been deleted so that the limit for each is \$75 or in the aggregate \$225 for any one occurrence at any one location.

Coinciding with the policy revision, the manual rules have been completely reprinted except for rate tables. Included in the reprint are various new and revised endorsements. Blanket residence endorsements now exclude prefabricated multiple plate insulating units and radiant heating panels as such glass must be insured specifically because it is too expensive to include in the overall blanket rate. Bandlite, Golden, glass furniture and venetian blinds and windows, are new kinds of glass added to the manual classifications.

#### Rating Dimensions

The rules now require that the rating dimensions instead of the exact dimensions for classes A, B, C and D glass must be shown in the policy. New rules for rating removable glass in fronts or doors which are removed from their normal position and stored during business hours, and for rating glass in greenhouses and conservatories have been

### Hospital Admissions Plan Worked Out for New York Area

NEW YORK—A New York Hospital Admissions Plan, patterned after the one now operating at Chicago, has been worked out by Health Insurance Council, composed of representatives of A. & H. and life company organizations, and the hospitals here, to become effective June 12. Cost of installation will be borne by the insurers. It will cover New York City and much of the metropolitan area.

About 140 hospitals are participating in the agreement including most of the members of Greater New York Hospital Assn. and Assn. of Private Hospitals. The new plan will operate in the five boroughs of New York City and in Nassau, Suffolk and Westchester counties. It thus includes suburban residents who commute to and work in New York City proper but normally would be hospitalized in their home communities. Discussions are under way to include other sections of the metropolitan area under a similar arrangement. Such plans already are in effect at Chicago, St. Louis, Milwaukee and Cleveland.

#### Group Master List

One of the principal elements, as in Chicago, is the group hospitalization information card, prepared by the insurance company and made a part of hospital records. This makes possible immediate identification when application for hospital admission is made since it carries the name of the employer or group policyholder, the telephone contact for confirming the existence and the extent of the patient's coverage, the name of the insurer, the name and address of the individual or organization who pays the claims, and a brief description of the coverage provided by the group contract. Along with this a uniform claim form has been prepared by which the patient authorizes the hospital to receive direct payment from the insurer.

### Casualty Group Aids Industrial Safety Drive

WASHINGTON—Assn. of Casualty & Surety Companies and the President's Conference on Industrial Safety are inaugurating an advertising campaign on industrial safety. The association has loaned to the conference the services of its director of information, Harold Philips, to supervise the campaign, which is to run for the remainder of the year. A number of insurance companies, particularly casualty, safety engineers, and other insurance people attended the conference and served on committees.

President Truman formally opened the conference, and called for a 50% reduction in industrial accidents by 1952. Since the first full scale national industrial safety conference was held in March, 1949, a spokesman said, "work accidents have been reduced 7% and in the field of manufacturing, 19%."

#### Women to Be Guests

George F. Avery, Pittsburgh manager of U.S.F. & G., is sponsoring a gathering June 28 for the women employees in various departments of U.S.F. & G. in western Pennsylvania and West Virginia. There will be a lunch followed by educational meetings and then a banquet and dance. The speakers include Miss Clara MacCubbin, supervisor of the home office agency department of U.S.F. & G., and L. Brent Wood, associate agency director.

### Landmark Decision Aids State Supervision Cause

#### U. S. High Court Upholds Procedure Under Blue Sky Law of Virginia

In a 5 to 4 decision, the U. S. Supreme Court Monday handed down what is commonly regarded as the most important insurance decision since the S.E.U.A. case. The Virginia blue sky law which brackets insurance and securities is held to be a constitutional means of controlling the activities of unlicensed insurers. Travelers Health of Omaha was the loser here, the Court saying that the state of Virginia has power to issue a cease and desist order enforcing at least that regulatory provision requiring the insurer to accept service of process by Virginia claimants on the secretary of the commonwealth.

This decision seems to put in the clear the unlicensed insurers service of process bill that was shaped up by National Assn. of Insurance Commissioners and the all-industry committee and has been enacted in a number of states. In view of this Supreme Court decision, it is likely that this uniform bill will make great headway in most of the legislatures next year and quite likely the legislation will be touched up by the wise men in the commissioners and industry ranks.

#### Case Was Reargued

The case was originally argued last November. Then the court asked for a reargument of it in April. That excited everyone's curiosity and there were some astute guesses that the reason was that the court was divided 4 and 4 until Justice Douglas returned from a lengthy siege of illness. It was surmised that the reargument was wanted for the benefit of Douglas who had just returned to the bench. The fluoroscope of these guessers turned in a good performance because it was indeed Justice Douglas that broke a tie.

The majority opinion was given by Black and he spoke for Vinson, Clark and Burton. Justice Douglas wrote a concurring opinion.

The dissenting opinion was written by Minton, joined by Jackson, and then there is a final paragraph: "Mr. Justice Reed and Mr. Justice Frankfurter, agreeing with the Court in reaching the merits join this dissent."

#### Gives Lift to N.A.I.C. Rally

Coming just on the eve of the insurance commissioners annual convention at Quebec, this decision will give the state officials and friends of state supervision reason to throw out their chests during the convention. It is decidedly a victory for state supervision and it seems to put on ice the plank in the all-industry program of the substituted service of process law.

This decision will also be bracketed with that of the U. S. circuit court of appeals at St. Louis recently in the North Little Rock Transportation case in Arkansas which went a long way towards putting the all-industry rating legislation on ice.

Some observers wonder how much of a distinction there may be in the Court's philosophy between a situation such as this developing under Virginia regulatory law and the situation of a single claimant against an unlicensed company undertaking to get service on that company in his own state.

The lawyers will be going over the opinion, the concurring statement of Douglas and the dissents, with a fine-

#### Text of Opinion in Travelers Health Unlicensed Insurer Case

*The opinion of the Supreme Court in the case of Travelers Health vs. Virginia, as written by Justice Black:*

In an effort to protect its citizens from "unfairness, imposition, or fraud" in sales of certificates of insurance and other forms of securities, the Virginia "Blue Sky Law" requires those selling or offering such securities to obtain a permit from the state corporation commission. Applicants for permits must meet comprehensive conditions: they must, for example, provide detailed information concerning their solvency, and must agree that suits can be filed against them in Virginia by service of process on the secretary of state.

While violation of the act is a misdemeanor punishable by criminal sanctions, § 6 provides another method for enforcement. After notice and a hearing "on the merits," the state corporation commission is authorized to issue a cease and desist order restraining violations of the act. The section also provides for service by registered mail where other types of service are available "because the offering is by advertisement and/or solicitation through periodicals, mail, telephone, telegraph, radio, or other means of communication from beyond the limits of the state. . ." The highest court of Virginia rejected contentions that this section violates constitutional requirements of due process, and the case is properly here on appeal under 28 U. S. C. § 1237 (2).

In this case cease and desist proceedings under § 6 were instituted by the state corporation commission against Travelers Health Assn. and against R. E. Pratt, as treasurer of the association and in his personal capacity. Having received notice by registered mail only, they appeared "specially" for "the sole purpose of objecting to the alleged jurisdiction of the Commonwealth of Virginia and of its state corporation commission, and of moving to set aside and quash service of summons. . ." The agreed stipulation of facts and certain exhibits offered by the state can be summarized as follows:

The appellant Travelers Health Assn. was incorporated in Nebraska as a non-profit membership association in 1904. Since that time its only office has been located in Omaha, from which it has conducted a mail-order health insurance business. New members pay an initiation fee and obligate themselves to pay periodic assessments at the Omaha office. The funds so collected are used for operating expenses and sick benefits to members. The association has no paid agents; its new members are usually obtained through the unpaid activities of those already members, who are encouraged to recommend the association to friends and submit their names to the home office. The appellant Pratt in Omaha mails solicitations to these prospects. He encloses blank applications which, if signed and returned to the home office with the required fee usually result in election of applicants as members. Certificates are then mailed subject to return within 10 days "if not satisfactory." Travelers has solicited Virginia members in this manner since 1904, and has caused many sick benefit claims to be investigated. When these proceedings were instituted, it had approximately 800 Virginia members.

The commission, holding that the foregoing facts supported the state's power to act in § 6 proceedings, overruled appellants' objection to jurisdiction and their motion to quash service. The association and its treasurer were ordered to cease and desist from further solicitations or sales of certificates to Virginia residents "through medium of any advertisement from within or from without the state, and/or through the mails or otherwise, by intra- or inter-state

(CONTINUED ON PAGE 24)

## Mail Order Men Hold Parley

Henry Miller, assistant chief counsel of federal trade commission, gave an off-the-record talk at a luncheon during the annual meeting of Assn. of Insurance Advertisers at Washington. This is the organization of mail order insurers.

E. J. Becker of Wilmington was elected president; Brad Hunt of St. Louis, vice-president; Charles Rowan of Milwaukee, secretary; Ross Ream of Kansas City, treasurer; Wendell Berge of Washington, counsel. The directors are Jerome Kutak of Hammond, Ind.; John Farber of Omaha; Mr. Ream, John Walker of Kansas City and John W. Keene of Wilmington.

In the absence of Mr. Becker, the presiding officer was Mr. Hunt. In his talk he said that inasmuch as the so-called code of fair practices will be enforced by FTC, any non-member company will be prevented from enjoying a competitive advantage by reason of non-compliance. FTC is now studying complaints. It can be expected to bring formal proceedings against insurance companies.

### Favors Self-Policing

Mr. Hunt expressed the belief that insurance commissioners are now beginning to realize "that the type of self-policing that we are doing in this or-

ganization is essential to prevent the development of further, more drastic federal control." He quoted Insurance Director Hershey of Illinois as recommending that the A. & H. people devise some means of policing themselves. "Thus," Mr. Hunt declared, "belatedly, the rationale of A. I. A. is beginning to receive acceptance among the state commissioners and in the insurance industry."

In the two years that A.I.A. has been in existence, he said, the organization has made great progress in meeting its problems. At the time the organization was formed "direct selling insurers were subject to intensive and sometimes nerve-wracking investigation by the Post Office department. Some companies were cited to show cause why a fraud order should not be issued against them, and why they should not be prevented from receiving any mail. A few companies were indicted and others were in a state of constant doubt as to whether their policies and advertising were displeasing to the federal government. There was no yardstick then, no standards to apply, no way of knowing whether certain widely used advertising claims were to be considered as false or fraudulent pretenses, representations and promises."

He said that since A.I.A. was set up, there have been no more fraud order citations and no more indictments voted, and there has been no adversary proceeding brought against any direct sell-

ing insurance company by FTC.

Guests at the luncheon included Lewis Doyle, chief fraud and lottery section solicitor's office Post Office Department, and staff members of the FTC rule making and rule administration divisions.

Mr. Miller said the mail order rules are working well. While divergent views are reported from within FTC, there is considerable feeling there that to be exempt from the mail order rules, though they have not been interpreted officially, direct solicitation by an agent in sale of a policy is necessary. Under this unofficial interpretation, many companies not ordinarily considered mail order, but which do direct mail advertising, followed by agents' solicitation, sale of policy, premium collection, etc., would come under the mail order code.

FTC has not interpreted its definition of "mail order industry" in the rules. Representatives of mail order interests say their association members are complying with a strict code, and some are inclined to question why other companies, also advertising by mail, should not likewise do so. However, it is said there has been no official complaint from association sources about the practice of other mail advertisers.

Mail order representatives have been studying the supreme court decision in the Travelers Health case. Preliminary opinion indicates that decision may not affect members of the mail order association, who are said to pursue different methods in their business from those of Travelers Health.

Justice Douglas is regarded as having cast the deciding vote, the court having been evenly divided on the case before his return. In his opinion, he lays stress upon the fact Travelers Health uses its membership to solicit new members. Mail order association members do not follow this practice, it is stated. This fact indicates to some observers that the Travelers Health decision may not encompass mail order association members.

### N. Y. State Fund to Put Up Own Building

New York State Insurance Fund has purchased the entire New York City block known as 119 Church street, on which a 15-story building will be erected at a cost of \$5 million to serve as permanent headquarters. Presently, it is in leased quarters at 625 Madison avenue.

The new site has frontage of 100 feet on Duane and Thomas streets and 175 feet on Church street and Trimble place. Assets of the fund now exceed \$150 million and there are 1,300 employees.

### Consider "Comp" Rate Cut

DES MOINES—The Iowa department, following a hearing, has taken under advisement a request that workers' compensation rates be lowered. The National Council has proposed a reduction averaging 6.4% effective July 4, but the Iowa Manufacturers Assn. and others have termed the reduction not sufficient. The department indicated a decision would be reached in several weeks.

### O.K.'s Flat Rate Petition

Massachusetts supreme court in an advisory opinion has approved an initiative petition asking a statewide flat rate for compulsory automobile insurance, thereby paving the way for the question's appearance on the election ballot next fall.

### Separate Assigned Risk Office

Massachusetts Automobile Rating & Accident Prevention Bureau has approved a separate one-stop office at which it will be possible for automobile owners designated as assigned risks to obtain coverage without making extra trips from the assigned risk office to company offices. There have been no changes in the plan itself.

## Argus Casualty Chart Totals Are Corrected

A rechecking and revision of some of the aggregates published on page 20 of the May 25 issue and on pages 2 and 3 of the new 1950 Argus Casualty & Surety Chart reveals some inaccuracies occurring in both the figures for 1948 and 1949.

Losses paid including adjusting expenses in 1949 by all stock casualty companies excluding A. & H. companies and legal reserve life companies writing A. & H. were \$1,080,748,753 as against \$1,242,658,087 previously quoted. This loss figure compared to net premiums written of \$2,595,354,028 results in a loss ratio of 41.6%.

For A. & H. stock companies including legal reserve life companies writing A. & H., the net premiums written, losses paid including adjusting expenses and resultant loss ratios for both 1949 and 1948 have been revised to the following:

	1949	1948
Net prem. written	\$516,180,429	\$481,835,948
Losses paid inc.	275,794,560	259,799,257
Loss ratio	53.4%	53.9%

The above changes plus other revisions in the totals for all companies result in completely new totals for both 1949 and 1948 as follows:

	1949	1948
Admitted assets	43,602,046,636	39,572,708,858
Liabilities	39,309,027,256	36,095,476,956
Surplus to policyholders	4,293,019,280	3,477,231,902
Net prem. written	4,810,024,078	4,314,427,952
Losses paid incl.	2,292,548,404	2,183,021,572
Loss ratio	47.7%	50.6%

### Insurors Indemnity Ups Capital to \$500,000

Insurors Indemnity of Tulsa has declared a 100% stock dividend which increases its capital from \$250,000 to \$500,000. This will enable the company to expand its multiple line underwriting facilities into several additional states.

### Coast Ins. Co. Gives Up

Coast Insurance Co., Los Angeles, which has been trying to complete its organization for nearly two years has given up and the California department has ordered the escrow holder to return moneys in its hands to subscribers.

## STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. La Salle St., Chicago

June 5, 1950

	Div.	Bid	Asked
Aetna Casualty	3.00	99	101
Aetna Fire	2.20*	61 1/4	63
Aetna Life	2.50	59 1/2	61
American Alliance	1.20	25 1/4	26 1/4
American Auto	2.00	49	52
American Casualty	.80	18 3/4	20
American (N. J.)	.90	21	22
American Surety	3.00	62	64
Boston	2.40	60	62
Camden Fire	1.15*	22 1/2	23 1/2
Continental Casualty	2.50*	73 1/2	75
Fire Association	2.50	65	67
Firemen's Fund	2.60	88	90
Firemen's (N. J.)	.60	21 1/2	22 1/2
Glen Falls	2.00*	52	54
Globe & Republic	.50	13	14
Great Amer. Fire	1.30*	30	32
Hanover Fire	1.60	34 1/4	35 1/4
Hartford Fire	2.50*	120	122
Home (N. Y.)	1.60	37 1/2	38 1/2
Ins. Co. of North Am.	2.50*	107	109
Maryland Casualty	.80	20 1/4	21 1/4
Mass. Bonding	1.60	30	31 1/2
National Casualty	1.50*	33 1/4	35
National Fire	2.50*	62	64
New Hampshire	2.00	44	46
New Amsterdam Cas.	1.20	39	40 1/2
North River	1.20	25 1/4	26
Ohio Casualty	1.20	60	62
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# Meeting Federal Threats Big H. & A. Conference Topic

Faulkner Elected President, Farley Put in Line for Next Year

By JOHN C. BURRIDGE

NEW YORK — The possibility of federal invasion of the A. & H. business and how the industry can meet that threat was the dominant theme of the annual meeting of H. & A. Underwriters Conference here this week. Throughout the sessions it was apparent that the companies are making efforts to extend their coverage to more people on a mass basis. At the open forum Tuesday afternoon great interest was shown in the experiment of Professional of Florida in providing hospital and surgical insurance under a community plan.

The new conference president is E. J. Faulkner, president of Woodmen Accident. He succeeds Frank L. Harrington, Massachusetts Protective. Jarvis Farley, Massachusetts Indemnity, was named chairman of the executive

Special edition will be issued covering Conference annual meeting.

committee, and thus, by tradition, is in line to succeed Mr. Faulkner next year.

The urgent necessity of private insurance getting its message across to the public was emphasized particularly in the talks of Commissioner Dineen of New York and C. O. Pauley, managing director of the conference. Mr. Dineen repeated the argument he first put forth last month in a talk at Pittsburgh that the companies can beat the government health plan advocates to the punch by conducting mass health coverage experiments on the community level, and Mr. Pauley, discussing catastrophe insurance, advocated "the broadest kind of experimentation" in cooperation with Blue Shield and all types of companies.

More than 300 attended the meeting, which was opened with welcome addresses by Mr. Dineen and Mayor O'Dwyer of New York. At the first session Frederic M. Peirce, associate director of company relations of Life Insurance Agency Management Assn., told the results of a survey designed to analyze the buyers of A. & H. W. Rulon Williamson, consulting actuary of Washington, discussed social security, and Russell B. Gallagher, insurance manager of Philco Corp., remarked on insurance progress resulting from the cooperation of buyers and insurers.

Charles B. Stumpf, manager of Illinois Mutual Casualty at Madison, Wis., president of International Assn. of A. & H. Underwriters, was honored at a breakfast Tuesday. V. J. Skutt, president of Mutual Benefit H. & A., was host and observed that the gathering was a reminder that all phases of the business have a common interest.

The New York disability benefits law and its responsibilities was the subject of Miss Mary Donlon, chairman of the New York workmen's compensation board, who is in charge of the new disability benefits act. She commented on the responsibilities of the insurers, employers and public officials in making the plan a success. The luncheon talk was given by Percy C. Magnus, president of Magnus, Mabee & Reynard, New York, on public relations.

An open forum covering statutory disability laws, underwriting, hospital coverage, and catastrophic medical expense served to highlight the conference

company activities. Francis T. Curran, Commercial Casualty, gave a paper on state plans, and underwriting ideas were presented by D. B. Alport, Business Men's Assurance, chairman of the underwriting committee. He introduced members of his committee, who described plans for classification of risks, underwriting costs, and maintaining an underwriting manual.

The discussions of W. deV. Washburn, American Health, C. E. Waller, Professional, and Martin H. Imm, St. Paul Hospital & Casualty, on hospital coverage were of great interest. I. A. Weaver, Secured Casualty, chairman of

the hospital committee, was in charge. Tuesday evening was the reception and banquet. The Wednesday morning meeting was addressed by Raymond Moley, contributing editor of Newsweek magazine, and concluded with the election.

The U. S. Supreme Court decision in the Travelers Health case was the subject of much discussion. Moses Hubbard, Commercial Travelers Mutual Accident, who argued the case, was ill and did not attend the meeting. The members could only speculate on the meaning of the decision, since no more than newspaper accounts were available.

Another topic was the action of the Massachusetts House ways and means committee in recommending a compulsory state fund monopoly for disability benefits. The opinion is that probably there will be no bill in Massachusetts this year.

## Change Annual Meet Date

Casualty Underwriters Assn. of New Jersey will hold its annual meeting at Newark June 19 instead of June 14. The annual outing is scheduled for June 9.



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## Tells Buyers Problems of Coverage Beyond Standard

Demand for special liability policies, when it arises from a desire for a policy containing substantially broader coverage than can be clearly and accurately provided by endorsement to standard forms, deserves real consideration and study, W. R. Newton, assistant vice-president of Liberty Mutual, told the Insurance Managers Assn. in Philadelphia.

Is combination of a standard policy and required endorsements in fact less clear and accurate in expressing extent and scope of coverage than the policy completely redrafted to express the same scope and extent of coverage?

### Variation in Laws

Purpose of public liability insurance is to insure it against loss arising out of a limited area of the responsibilities and obligations imposed on insured by law, in fact a very restricted area of such responsibility. No simple statement can delineate the boundaries of this area, he said. Some state laws establish boundaries in rather loose language, other states have no such laws; in New York the concept is to confine the coverage to the happening of an event which is fortuitous in the sense of being to a substantial degree beyond control of either party.

Another problem in defining the legal area to which a policy applies is created by different meanings given by courts of separate states to the same words and identical phrases, sentences and contracts statements. Thus to no specified policy wording is there applicable uniform, legal meaning.

What should the buyer expect of policy wording and what should the insurer try to accomplish in wording its policies? There is no difference between insurer and insured interest in this respect, Mr. Newton said. Policy language should be as clear and accurate as is possible for insurer to make it. Policyholder's understanding of the purpose and intent of the policy statements should coincide with that of the company.

### Who Must Understand Intent

Understanding of the intent of coverage by insurer must include all those in it responsible for deciding questions of coverage, including service men and personnel of claims and legal departments. The latter must interpret the policy in light of reported claims and

must understand scope and intent of cover as expressed in the policy wording. This is a very good reason why a change in language itself is to be avoided and it is also a big advantage inherent in using standard language.

These seem simple, self evident requirements, but in practice are more difficult to attain and are of more importance in determining the quality of a policy than is generally recognized.

As to a tailor made policy, he said, the important job is to determine risks and hazards to be covered, area or scope of coverage as to legal obligations of insured arising out of such risks and hazards, and words and language used to express such insurance in a clear and concise way. In general the term tailor made expresses a desire for policy coverage broader in scope than provided by standard coverage.

Insurers desire to provide broad coverage with a minimum of limitations, exclusions and conditions, but insurer must know the scope and degree of risk involved to determine its value in terms of premium and work out these problems in the framework of rate regulation. It is within this area that difficulty arises.

### "Caused by Accident"

One main objection to standard liability policy contracts is the "caused by accident" provision. Mr. Newton said he thought this language would be removed before long, for bodily injury cover. There has been no real difficulty in underwriting coverage that does relax some of the insuring limitation intended by the phrase "caused by accident." But the simple elimination of the provision is not adequate because the word accident was used to secure a consistent, clear and definite provision with respect to policy, notice of accident and limits of liability.

Mr. Newton believes it is just as much to the interest of policyholder as company to have the policy clearly state the period of time in which results of insured's hazards are covered, as well as time during which occurrence of the hazard itself is insured; obligation of the insured to give notice of loss, claim or suit; and amount of insurance for which insured has paid a premium and on which he can rely in event of claim for injury or loss resulting from his hazards.

The problem in this connection is

illustrated by numerous cases of damage to land, cattle and crops caused by fluorine effluent from certain types of manufacturing plants. The fluorine discharged into the air settled to the ground, was taken up by the plants and ingested by grazing cattle. Over a period of two or three years certain crops failed to produce, milk production of dairy herds vanished, cattle failed to gain weight and some were seriously injured and others died.

If insured wants a policy to cover a hazard of this kind, and if the insurance applies to injuries occurring during the policy period, insured has partial coverage. If a policy applies to occurrence or events taking place during the policy period, he has partial coverage. If insured has a policy that applies to that segment of total injury involved in a claim which occurred during the policy period, he may find he has several insurance carriers involved in settling one claim.

How does insured expect his policy limits to apply, should the limits be aggregated? In occupational disease under workmen's compensation a similar situation is encountered, and a plan has been worked out there that is successful, he said.

### Arises in Bodily Injury Cases

This situation is more of a problem on property damage than on bodily injury, though it has arisen in connection with B.I. For example, relatively small quantities of beryllium compounds released into the air have over a period of time resulted in claims of serious injury to people residing in the neighborhood of a plant. Dust was carried home day after day on the clothes of one plant employee and resulted in a claim of injury to another member of the family. In connection with bodily injury, industry does not intentionally cause harm to people; thus bodily injuries are fortuitous. Not so property damage. Contractors sometimes are requested to demolish, remove or make physical changes in property of third parties in the area of their operations, which may constitute deliberate injury or destruction.

In the fluorine case, the plant management eventually had to decide whether to stop operations until the effluent could be controlled or to continue operations which released fluorine in quantities known to cause injury and destruction. The decision to continue operations under these circumstances removes any element of the fortuitous. Does the buyer expect P.D. liability insurance to apply to such corporate activities? Mr. Newton thinks it should

be conditioned to some degree on fortuitous happening or event.

In all case of broader than standard cover, it is necessary to secure a clear and complete understanding between buyer and insurer of the full scope and intent of coverage, describing it in clear and accurate language and providing an equitable basis of rating and a reasonable premium charge. There may be an element of experimentation in some aspects of broad cover, but all problems of broad cover must be solved within the framework of insurance, not wagering.

## Squeeze Monopoly Vote Out of Mass. Committee

The Massachusetts house ways and means committee on Monday recommended to the legislature a compulsory state fund monopoly disability benefits bill. The vote was 8 to 7. It is understood that on Friday the vote was 9 to 6 against the monopoly plan, but the governor asked the committee to take the weekend to reconsider.

### Bankers L. & C. Licensed; Ia. Contempt Case Dropped

DES MOINES—Contempt charges against Commissioner Alexander were dropped by Bankers Life & Casualty following agreement to relicense the company and its agents.

District Judge Franklin signed the order for dismissal of the contempt charge following filing of a stipulation by both sides. Under it the commissioner reissued the licenses without alteration. Previously he had issued the licenses with the provision that the company had "complied with the laws" stricken and inserted a statement that the license was being issued pursuant to court order.

The case arose over a controversy between the commissioner and the company over the use of its "White Cross plan" advertising.

A hearing on the second injunction obtained by the company against Alexander is expected to be heard later this week. Following that hearing the entire case is expected to be appealed to the state supreme court to clarify the commissioner's authority to revoke a company's license.

### W. B. Drawert Wolverine Indianapolis Manager

Wallace B. Drawert, who has been manager of U.S.F.&G. at Houston for the past two years, is now with Wolverine as Indianapolis manager.

Mr. Drawert started with Travelers at Chicago in 1938. Later he was at Minneapolis as assistant manager for four years. In 1946 he went with the Van Wegenen general agency and in 1948 with U.S.F.&G. He graduated from Elmhurst College.

The Indianapolis branch has been moved to the Kahn building.

Royal-Liverpool will hold an informal open house in its new offices at East Orange, N. J., June 22. About 200 guests are expected.

John F. McGrane, who recently became supervisor of production in the monthly A. & H. premium department of General Accident, has been Pennsylvania special agent for Commercial Casualty for the past five years. Prior to that, for five years, he was with Pennsylvania state bureau of finance, claims settlement division. At General Accident he succeeds Harry E. Ritter, who has gone into the agency business.

Otto L. Culbert, Monarch Investment Co., is new president of Wichita Civitan Club, succeeding Preston M. Bacon of Wheeler, Kelly, Hagny.

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## Thorough Study of Reinsurance Made

(CONTINUED FROM PAGE 1)

and bureaus of financial analysis in detecting such practices. Return commission reserves should be established to nullify the beneficial surplus effect of reinsurance cessions which are determined to be mere "window dressing" transactions. The committee warned, however, there is nothing basically wrong with the right to cancel and any legislative interference with the rights of contracting parties in this respect would appear to be detrimental to the best interests of the business.

Then the report tackles sliding scale reinsurance contracts that do not transfer any risk but are used merely to create an apparent increase in surplus of the ceding company.

### Creating Fictitious Capital

Surplus aid reinsurance contracts, the committee charged, are simply devices to create fictitious capital. Some uniform bar against credit for transactions of this type is necessary unless the general plan for regulation of insurers is to become meaningless to a great extent.

According to the committee, the most common form of surplus aid is the guaranteed profit contract. This transfers premium reserve from the ceding company to the reinsurer and results in an immediate increase in the ceding company's surplus by the amount of tentative commissions received. Also its tentative commissions are subject to return to the reinsurer and does not actually relieve the ceding company of risk. It is in the position of paying 2 to 5% of the ceded premiums to induce a reinsurer to sign a contract which has no ultimate effect other than to reduce its surplus by 2 to 5% of these premiums.

### Example Is Given

The tentative commission is ordinarily 45 or 50%. The reinsurer's fee is generally 2, 3, or 5% of the amount ceded. The contract usually provides for additional commissions to be increased by 1% for each 1% decrease in the loss ratio and return commissions on the basis of 1% for each 1% increase in the loss ratio. For instance, the commission might be 45%, fee for reinsurer 3% and loss ratio breaking point 52%. Here the ceding company pays to the reinsurer the reinsurance premiums less 45% commission or a net of 55%. As losses are determined they are paid by the reinsurer until the ceding company has received back losses recovered in an aggregate amount equal to 52%. Any additional losses are charged back to the ceding company as return commissions on a 1 for 1 basis. On the other hand, any saving under 52% is returned to the ceding company in the form of additional commission. The ceding company actually carries its own full risk.

Examiners refer to a case in which a large company in financial difficulties resorted to a guaranteed profit contract and subsequently had to repay to the insurer in the form of return commissions, an amount in excess of \$535,000. This company did not work its way out of its difficulties but had to be salvaged by other means.

### Application of Reserve

In connection with a guaranteed profit contract, the report states it is difficult to support logically the use of any reserve less than the amount of the full unearned portion of the tentative commissions originally received. This would offset any surplus benefit arising out of the contract. Inasmuch as companies are not permitted to take credit in their statements for any so-called equity in the premium reserve, it is inconsistent to allow such credit merely because a company has gone through the motions of a guaranteed profit contract and further depleted its assets by the amount of the reinsurer's fee.

The report refers to a contract that differed from the surplus aid arrange-

ment in several particulars. For instance, it was couched in ambiguous language, "undoubtedly intended to confuse" with respect to reinsurance premiums, commissions, and settlements. It was actually an excess of loss contract. It attempted to abet the immediate increase, in advance, of the surplus of the ceding company by the amount of so-called "reinsurance commissions" to be computed at the end of the contract year on an earned premium basis. These were not actually reinsurance commissions at all. The minimum "reinsurance commission" rate was specified as 25% of the original premium but the net reinsurance premium rate, which, the committee said, was obviously a judgment rate, was determined to be actually only 4% of the original premium or much less than the amount of the so-called reinsurance commission.

On the question of brokerage, the committee states it is not the usual practice for an officer or employee of an American insurance company to receive a commission on the reinsurance to which his company is a party. Such commission represents a secret payment that is undoubtedly illegal on the basis of the common law.

In examination of reinsurance contracts the committee suggests that attention be given to matters of coverage, period covered, reporting and settlement requirements, reinsurance premiums, reinsurance commissions to ceding company and insolvency clause.

High reinsurance commissions should be carefully noted and, if necessary, the net credits reduced to reflect no more than a reasonable commission rate, if any.

Complicated or abstruse premium, commission or settlement provisions are cause for suspicion. The usual reinsurance contract is a relatively simple and well written document.

The committee suggests certain forms for inclusion in the annual statement blank to aid the commissioners to determine whether the solvency of a company rests on a solid foundation or whether it is open to question because of the existence of surplus aid contracts or rests ultimately on alien or other reinsurance of doubtful collectibility or soundness.

For instance, schedule F which is now required by many states, the committee said, should be made a part of the regular statement blank. It should be expanded to show the amount of unearned premium reserves as well as showing reinsurance in force by company on reinsurance ceded. Publicity concerning contracts affording temporary surplus relief would discourage their use, according to the committee.

A form of "funds withheld" statement should be introduced in the blank showing, by reinsurer, the premium reserve on reinsurance ceded, losses recoverable on paid and unpaid losses and as offsets the funds withheld from and due to each reinsurer.

There is an appendix with headings of: Definitions, historical notes on reinsurance, current reinsurance volume, forms

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of reinsurance contracts, fire reinsurance, facultative or specific, facultative treaty, semi-facultative treaty, surplus treaty, quota share treaty, portfolio reinsurance, fire excess of loss treaty, spread loss, Carpenter cover, or burning cost cover, excess of loss ratio or stop loss, casualty pro rata reinsurance, casualty excess of loss, treaty reporting methods. Then there is a summary of state laws and practices with reference to cessions to non-admitted companies.

#### Maritime Commission Change

WASHINGTON—Under abolition of the maritime commission and reorganization of its work, officials expect its insurance division will become part of the office of finance, which in turn comes under the new maritime administrator. He is John Koehler, who has been serving as assistant secretary of the navy.

Mr. Koehler is ex-officio chairman of

the new federal maritime board, which has charge of ship subsidy and ocean freight rate and other regulatory matters. Other members named to this board are South Trimble, Jr., former solicitor, Department of Commerce, and Admiral Paul Mather, USN.

The Commerce Department takes over the duties and responsibilities of the maritime commission insurance and other. Recommendations for new legislation dealing with marine or war risk insurance, officials say, would come from Secretary Sawyer or the under secretary for transportation.

B. K. Ogden, chief of the old maritime insurance division, and other maritime officials and employees have been advised that until further notice they shall continue doing their jobs with the same authority as under the old setup.

Crown Life of Canada has started writing A. & H. insurance.

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## Passing Bad Check for Car Constitutes Theft

The loss of an automobile by parting with it to a "purchaser" that gave a bad check for it constitutes theft within the policy, according to Georgia court of appeals in C. L. Fain Co. vs. Baltimore American.

C. L. Fain Co. was the insured. C. L. Fain asked his brother, John M. Fain to take the company's 1946 Cadillac to an auction and expose it for sale. He was instructed to sell only for cash. At the auction, Jimmie Wooten of Cleveland, Tenn., bid in the car for \$4,500 and Wooten gave to Fain, a check for \$4,500 drawn on Wooten's account in Cleveland National Bank at Cleveland, Tenn. At the time Wooten had only \$21.26 in his account. Wooten took the car from the state and disposed of it and the check was never made good. Wooten had never been apprehended and the automobile had not been recovered.

#### Tells Lack of Authority

At the time Wooten gave the check, John M. Fain told him he had no authority to issue a bill of sale on the car, that since C. L. Fain Co. was a corporation, Wooten would have to come by the office and have the treasurer of the company issue such a bill of sale and transfer of title. Wooten said that he would do so and Fain waited for him at the office, but Wooten didn't appear.

Baltimore-American contended that the giving of the bad check and the taking of the car amounted at most to cheating and swindling and not theft.

#### Intention to Steal

The court disagreed, saying that John M. Fain did not intend actually to pass title to the automobile by delivery at the time he accepted Wooten's check. A jury would be authorized to find that Fain and Wooten were to meet at the office of C. L. Fain Co. so that Fain's acceptance of the check could be ratified, his agency being limited to a cash sale. The jury would also be authorized to find that Wooten knew that he did not have sufficient funds on account to cover the check and that this knowledge, coupled with his failure to appear at the office to transfer title showed that Wooten intended to steal the automobile.

## Agent's Lapse Falls on Insurer

Failure of an agent to make inquiry of the insured as to encumbrances on an automobile can be held to constitute a waiver of the existence of encumbrances, according to Georgia court of appeals in Pacific Fire vs. Cash.

Wade Cash was the insured. He got the policy from Mrs. R. V. Jones, local agent at Cartersville, Ga. There was no disclosure of encumbrances despite the fact the car was subject to a conditional sale.

The court said that while there was no application, the plan of the policy amounts to the making of an application which is in the exclusive possession of the agent and an insured has to rely on questions by the agent in order to furnish the information desired. Inasmuch as the agent had the authority to insert in the policy the fact that the automobile was encumbered and had nevertheless issued a policy, her failure to make inquiry of the insured as to encumbrances will be held to be a waiver of the existence of encumbrances. The jury was authorized to find that the agent did not make inquiry concerning encumbrances and that any encumbrances were, therefore, waived. The circumstances make the case analogous to one where an agent acts for an insurance company in filling out an application and as such fails to make material inquiries called for by the application.

#### Payne, Wagner Separate

Robert M. Payne and Robert P. Wagner have dissolved the Payne-Wagner agency at Dayton to set up separate agencies. Mr. Payne will continue in the Gas & Electric building while Mr. Wagner has opened new offices in the Third National building.

Homer Trantham, secretary and counsel of Insurance Federation of Ohio, addressed Mutual Insurance Club of Columbus June 5.

Howard J. Dumphy, who has represented the State Farm companies there, has been appointed manager of the Krog agency at Stillwater, Minn.

Lee Bates has been named manager of the insurance department of Fidelity Investment Co. at Wichita, succeeding Lawrence Edmonston, resigned.



**SCORE IS 50-50****2 Cases Center on Delay in Sending Suit Notices**

In two cases recently decided the main question involved was whether an insurer was absolved of liability because of delay on the part of the insured in forwarding suit notices to the company.

In the case of State Farm Mutual Automobile vs. Cassinelli, the Nevada supreme court gave a decision for the insurer whereas in the case of Frank, et al vs. Nash, et al., Employers Liability, garnishee appellant, the Pennsylvania superior court held against the insurer.

In the Nevada case, the assured was Pete Cassinelli, Jr.

The accident occurred not in his car, but in another owned by and being driven by his adult son, Raymond Cassinelli. The two were on a business mission to Yerington, Nev., and the accident occurred at Reno, Nov. 23, 1945.

**Complaint Filed 10 Months Later**

One of the injured persons filed a complaint against Raymond Cassinelli and thereafter amended the complaint to include Pete Cassinelli, Jr., as a party defendant. The amended complaint was served on Pete Cassinelli, Sept. 19, 1946, or about 10 months after the accident. In the meantime, he had no knowledge that liability on his part was claimed by the injured person. It was not until Jan. 16, 1947, that Pete Cassinelli notified State Farm of the service on him and forwarded copies of the summons and amended complaint. The only explanation for the four months' delay in forwarding suit papers and giving notice of the action was that Pete Cassinelli thought his policy had lapsed and that he was insured in another company. However, the court pointed out that the policies were at all times in his possession.

The court said it may concede for the purpose of argument, without so holding, that the delay of 10 of the 14 months in giving notice of the accident was excused by the fact that Pete Cassinelli had no intimation that liability on his part would be claimed, but the delay of almost four months in giving notice to State Farm that he had been sued and in sending State Farm copies of the summons, cannot be said to be in compliance with the requirement that this be done immediately.

State Farm also contended that it would not have been liable even if the suit papers had been forwarded promptly. It said that even though the coverage insures against liability "with respect to the presence of any such insured in any other private passenger automobile," this clause applies only in those cases wherein the state may impose a liability by law for damages predicated upon the fact, and the fact alone, that the named insured in the policy could be held liable simply because he was present in that car.

**Court Holds Otherwise**

On this point, however, the court went against State Farm, saying that it was precisely the kind of liability involved in this case against which Cassinelli was insured by the clause in question.

In the Pennsylvania case, insured was Clarence A. Nash. On Nov. 13, 1945, Nash's automobile while being driven by his son, Robert, was involved in an accident. Nash gave prompt notice to the insurer of the accident and the latter made its investigation.

The injured person brought an action against Robert A. Nash and the insured retained his own counsel who accepted service and ruled the plaintiffs to file a statement of claim which was done on Oct. 10, 1946. On Oct. 22, Nash's coun-

sel filed an affidavit of defense. No suit papers were then forwarded to Employers Liability.

On Jan. 16, 1947, Nash informed Employers that several lawsuits would be heard at Lancaster, Pa., Jan. 27, 1947, but the letter did not state that Nash was the defendant in those cases. Not until Jan. 30 were copies of suit papers forwarded to Employers and this constituted the first notice that Employers had that suit had been brought against insured. In the same letter, Nash's private counsel stated he had withdrawn his appearance. On May 14, in an uncontested case, a verdict was rendered in favor of the injured against Nash.

**Question of Detriment**

Employers contended that the failure of insured to forward the suit papers per se voided the contract without regard to whether the insurer suffered detriment or not.

Insurer had the burden of showing that it was prejudiced by the 11 months delay in forwarding the suit papers, the court said. However, the record is barren of any evidence that it was harmed.

The only contention of Employers that it was prejudiced by the delay and

needs to be discussed, according to the court, is that the insurer was deprived of the right to have a prompt medical examination of the injured person. The court said there is no evidence that a medical examination after suit was filed could possibly have been of benefit to the insurer. Nor is there any evidence of the items of damage claimed in that suit, nor any evidence of malingering or exaggeration of damages.

**Cahill Speaks at Newark**

At the annual seminar dinner meeting of New Jersey C.P.C.U. chapter at Newark, James Cahill, secretary National Bureau of Casualty Underwriters, talked on "Multiple Line Underwriting."

**Casualty & Surety Club of New York** will hold its annual golf tournament at the Ridgewood (N. J.) country club June 30. Stephen Bedell, Jr. is chairman of the tournament arrangements.

**Wichita Claim Men's Assn.** held its annual picnic June 5 with nearly 100 in attendance. President George Staplin, Travelers, was in charge.

**Estate Life of Orlando, Fla.**, has been authorized to write life, A. & H., and hospitalization in Louisiana.

**N. C. Mutual Rally in S. C.**

North Carolina Assn. of Mutual Insurance Agents will hold its annual meeting at Ocean Forest Hotel, Myrtle Beach, S. C., June 23-24.

**J. Dillard Hall**, Baltimore, associate agency director U.S.F. & G., is in University Hospital at Baltimore for observation.

**Indianapolis Casualty Underwriters Assn.** held its first annual outing at Indian Lake course, Wednesday.

**G. W. Marrs**, local agent at Dyer, Tenn., has received 25-year service plaques from Continental and Royal-Liverpool.

Archie A. Kennedy of Kennedy & Co., Blackfoot, Id., local agency, has sold his interest in the firm to his partner, D. R. Parkinson.

The Hugh Hitchcock agency of Seattle has been sold to James Charteris. Mr. Hitchcock has moved to Ellensburg, where he has acquired an interest in the Tiffany agency.

Andrew Foley's interest in the Foley & Randall Agency of Bend, Ore., has been acquired by his associate, Gordon Randall.

**Penn-Liberty of Philadelphia** has been licensed in Louisiana for fire and vehicle insurance.



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## Text of Opinion in Virginia Case

(CONTINUED FROM PAGE 17)

communication, . . . unless and until" it obtained authority in accordance with the "Blue Sky Law." This order was affirmed by the Virginia court of appeals. 188 Va. 492, 51 S. E. 2d 263.

Appellants do not question the validity of the Virginia law "to the extent that it provides that individual and corporate residents of other states shall not come into the state for the purpose of doing business there without first submitting to the regulatory authority of the State." As to such state power see, e.g., Hall v. Geiger-Jones Co., 242 U. S. 539. Their basic contention is that all their activities take place in Nebraska, and that consequently Virginia has no power to reach them in cease-and-desist proceedings to enforce any part of its regulatory law. We cannot agree with this general due-process objection, for we think the state has power to issue a "cease and desist order" enforcing at least that regulatory provision requiring the association to accept service of process by Virginia claimants on the secretary of the commonwealth.

Appellants' chief reliance for the due process contention is on Minnesota Assn. v. Benn, 261 U. S. 140. There a Minnesota association obtained members in Montana by the same mail solicitation process used by Travelers to get Virginia members. The certificates issued to Montana members also reserved the right to investigate claims, although the court pointed out that Benn's claim had

not been investigated. This court held that since the contracts were "executed and to be performed" in Minnesota, the association was not "doing business" in Montana and therefore could not be sued in Montana courts unless "consent" to Montana suits could be implied. The court found the circumstances under which the insurance transactions took place insufficient to support such an implication.

But where business activities reach out beyond one state and create continuing relationships and obligations with citizens of another state, courts need not resort to a fictional "consent" in order to sustain the jurisdiction of regulatory agencies in the latter state. And in considering what constitutes "doing business" sufficiently to justify regulation in the state where the effects of the "business" are felt, the narrow grounds relied on by the court in the Benn case cannot be deemed controlling.

In Osborn v. Ozlin, 310 U. S. 63, 62, we recognized that a state has a legitimate interest in all insurance policies protecting its residents against risks, an interest which the state can protect even though the "state action may have repercussions beyond state lines." In Hooperston Canning Co. v. Cullen, 318 U. S. 313, 316, we rejected the contention, based on the Benn case among others, that a state's power to regulate must be determined by a "conceptualistic discussion of theories of the place of

contracting or of performance." Instead we accorded "great weight" to the "consequences" of the contractual obligations in the state where the insured resided and the "degree of interest" that state had in seeing that those obligations were faithfully carried out. And in International Shoe Co. v. Washington, 326 U. S. 310, 316, this court after reviewing past cases concluded: "due process requires only that in order to subject a defendant to a judgment in personam, if he be not present within the territory of the forum, he have certain minimum contracts with it such that the maintenance of the suit does not offend 'traditional notions of fair play and substantial justice.'"

Measured by the principles of the Osborn, Hooperston and International Shoe cases, the contacts and ties of appellants with Virginia residents, together with that state's interest in faithful observance of the certificate obligations, justify subjecting appellants to cease-and-desist proceedings under § 6. The association did not engage in mere isolated or short-lived transactions. Its insurance certificates, systematically and widely delivered in Virginia following solicitation based on recommendations of Virginians, create continuing obligations between the association and each of the many certificate holders in the state. Appellants have caused claims for losses to be investigated and the Virginia courts were available to them in seeking to enforce obligations created by the group of certificates. See International Shoe Co. v. Washington, *supra*, at 320.

Moreover, if Virginia is without power to require this association to accept service of process on the secretary of the commonwealth, the only forum for injured certificate holders might be Nebraska. Health benefit claims are seldom so large that Virginia policyholders could afford the expense and trouble of a Nebraska law suit. In addition, suits on alleged losses can be more conveniently tried in Virginia where witnesses would most likely live and where claims for losses would presumably be investigated. Such factors have been given great weight in applying the doctrine of *forum non conveniens*. See Gulf Oil Co. v. Gilbert, 330 U. S. 501, 508. And prior decisions of this court have referred to the unwise, unfairness and injustice of permitting policyholders to seek redress only in some distant state where the insurer is incorporated. The due process clause does not forbid a state to protect its citizens from such injustice.

There is, of course, one method by which claimants could recover from appellants in Virginia courts without the aid of substituted service of process: certificate holders in Virginia could all be garnished to the extent of their obligations to the association. See Huron Corp. v. Lincoln Co., 312 U. S. 183, 193. While such an indirect procedure would undeniably be more troublesome to claimants than the plan adopted by the state in its "Blue Sky Law," it would clearly be even more harassing to the association and its Virginia members. Metaphorical concepts of "implied consent" and "presence" in a state should not be solidified into a constitutional barrier against Virginia's simple, direct and fair plan for service of process on the secretary of the commonwealth.

We hold that Virginia's subjection of this association to the jurisdiction of that state's corporation commission in a § 6 proceeding is consistent with "fair play and substantial justice," and is not offensive to the due process clause.

Appellants also contend that § 6 as here applied violates due process because the commission orders attempts to "destroy or impair" their right to make contracts in Nebraska with Virginia residents. Insofar as this contention can be raised in a special appearance merely to contest jurisdiction, it is essentially the same as the due process issue discussed above. For reasons just given, Virginia has power to subject Travelers to the jurisdiction of its corporation commission, and its cease and desist provisions designed to accomplish this purpose "cannot be attacked merely because they affect business activities which are carried on outside the state." Hooperston Canning Co. v. Cullen, *supra*, 320-321. See also Osborn v. Ozlin, 310 U. S. 53, 62. These two opinions make clear that Allgeyer v. Louisiana, 165 U. S. 578, requires no different result.

Appellants concede that in the Osborn and Hooperston cases we sustained state laws providing protective standards for policyholders in those states, even though compliance with those standards by the insurance companies could have repercussions on similar out-of-state contracts. It is argued, however, that those cases are distinguishable because they both involved companies which were "licensed to do business in the forum and were actually doing business within the state." But while Hooperston Canning Co. had done business in New York under an old law, it brought the case here to challenge certain provisions of a new licensing law with which it had to comply if it was to do business there in the future. Thus it was seeking the same kind of relief that appellants seek here, and for the same general purpose. What we there said as to New York's power is equally applicable to Virginia's power here.

It is also suggested that service of process on appellants by registered mail does not meet due process requirements. What we have said answers this contention insofar as it alleges a lack of state jurisdiction because appellants were served outside Virginia. If service by mail is challenged as not providing adequate and reasonable notice, the contention has been answered by International Shoe Co. v. Washington, *supra*, 320-321. See also *Mulan v. Central Hanover Bank*, 339 U. S. —.

The due process questions we have already discussed are the only alleged errors relied on in appellants' brief, and appellants' special appearance only challenged state jurisdiction and the service of process. We therefore have no occasion to discuss the scope of the Commission's order, or the methods by which the state might attempt to enforce it.

*The text of the concurring opinion of Justice Douglas:*

Since the formula adopted by the court is adequate to dispose of this case I have joined in the opinion. But I feel that the type of problem presented requires a more selective treatment. Hence my separate opinion.

Virginia's Blue Sky Law is a comprehensive scheme for the protection of the state's investors. Securities can be offered for sale in the state only after the issuer obtains a permit. To get it the applicant must supply detailed information about its solvency, its earning record, and the nature of the securities. Promoters may be required to supply a bond. Applicants must appoint an agent, the secretary of the commonwealth, to receive service of process. Only after proof of their good character and financial responsibility are security salesmen licensed. After issuance, the state corporation commission is authorized again to investigate the issuer with an eye to possible revocation of its permit. These are the high points of the comprehensive regulation which Virginia seeks to apply to appellant.

That the business of insurance is interstate commerce is established by United States v. South-Eastern Underwriters Assn., 322 U. S. 533. Any doubts about the power of a state to exclude an interstate insurance company which refuses to comply with its regulatory laws were dispelled by the passage of the McCarran act, 59 Stat. 33, 15 U. S. C. §1011-1015. See *Robertson v. California*, 328 U. S. 440, 461, 462.

The requirements of due process do not, in my opinion, preclude the extension of Virginia's regulatory scheme to appellant. I put to one side the case where a policyholder seeks to sue the out-of-state company in Virginia. His ability to sue is not necessarily the measure of Virginia's power to regulate, as the court said in *Old Wayne Life Assn. v. McDonough*, 204 U. S. 8, 21. It is the nature of the state's action that determines the kind or degree of activity in the state necessary for satisfying the requirements of due process. What is necessary to sustain a tax or to maintain a suit by a creditor (see *Old Wayne Life Assn. v. McDonough*, *supra*; *Provident Savings Assn. v. Kentucky*, 239 U. S. 103, 114-116; *Isaacs, An Analysis of Doing Business*, 25 Col. L. Rev. 1018, 1024) is not in my view determinative when the state seeks to regulate solicitation within its borders.

Blue sky laws are a well-recognized exercise of the police power of the states. See *Hall v. Geiger-Jones Co.*, 242 U. S. 539, 552. The wiles of the salesmen have been many; the devices to avoid state regulation have been clever and calculated. One of those who contested the constitutionality of the Michigan blue sky law in *Merrick v. Halsey & Co.*, 242 U. S. 568, 573, had no place of business in the state and was not sending agents into it. The history of the various methods used to evade state regulation is too recent to require extended comment. Instrumentalities of interstate and foreign commerce were extensively employed by those beyond the reach of a state to sell securities to its citizens. See H. R. Rep. No. 85, 73d Cong., 1st Sess. 10. The Securities Act of 1933 (48 Stat. 74, 15 U. S. C. §77a et seq.) was passed to fill the gap.

A state is helpless when the out-of-state company operates beyond the borders, establishes no office in the state, and has no agents, salesmen, or solicitors to obtain business for it within the state. Then it is beyond the reach of process. In the present case, however, that is only the formal arrangement. The actual arrangement shows a method of soliciting business within Virginia as active, continuous, and methodical as it would be if regular agents or solicitors were employed. Cf. *Hooperston Co. v. Cullen*, 318 U. S. 313.

Practically all of appellant's business in Virginia originates with and is the result of the activities of its Virginia members. The recommendation of a member relieves an applicant of the duty of furnishing any reference. Though the old members are not designated as "agents," it "clearly appears" as stated by the supreme court of appeals, "that the association relies almost exclusively on these activities of its Virginia members to bring about an expansion of its Virginia business." *Travelers Health Assn. v. Virginia*, 188 Va. 877, 887; 51 S. E. 2d 263, 267. This device for soliciting business in Virginia may be uncon-

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ventional and unorthodox; but it operates functionally precisely as though appellant had formally designated the Virginia members as its agents. Through these people appellant has realistically entered the state, looking for and obtaining business. Whether such solicitation is isolated or continuous, it is activity which Virginia can regulate. See Hooper v. California, 155 U. S. 648, 658. The requirements of due process may demand more or less minimal contacts than are present here, depending on what the pinch of the decision is or what it requires of the foreign corporation. See International Shoe Co. v. Washington, 326 U. S. 310, 316-319. Where the corporate project entails the use of one or more people in the state for the solicitation of business, in my view it

does no violence to the traditional concept of due process to allow the state to provide protective measures governing that solicitation. That is all that is done here.

I cannot agree that this appeal is premature. Virginia has placed an injunction on appellants, an injunction which may have numerous consequences, e.g., contempt proceedings. There is an existing controversy—real and vital to appellants.

*The text of the dissenting opinion:*

The state corporation commission of Virginia instituted the proceedings leading to the cease and desist order entered in the instant case under §6 of the Virginia securities law. That section provides for service by registered mail upon persons or corporations offering securities through the mails or by other means of communication. After hearing, the commission is authorized to issue the order and to give it such publicity as the commission considers desirable.

In this case no action has been taken under §15 of the law which provides that violation of the statute is a misdemeanor and punishable by fine, or under §17 which provides for the imposition of a fine upon failure to comply with a lawful order of the commission. The commission has in no way attempted to enforce the order issued by the commission against appellants. Therefore appellants have not been hurt, and the question of due process is not reached. In the scheme of the statute, publicity appears to be the sole sanction of §6. I know of no reason why Virginia may not go through this shadow-boxing performance in order to publicize the activities of appellants in Virginia and notify its citizens that appellants have not qualified under the securities law. That is all the commission says that it is doing or has the power to do under §6. The commission's view of the nature of this proceeding—a view reiterated by Virginia in its brief on appeal to this court—was stated in its opinion:

"Respondents rely on the fact that their contacts with citizens of Virginia are by mail, that they are not doing business in Virginia and that they do not enter Virginia either personally or by agents. In setting up this defense they lose sight of the nature of this action. They are not charged with doing business in Virginia but with offering and advertising for sale and promoting the sale of insurance contracts in Virginia by mail and the action is to foreclose them from these activities. Whether the action will suffice to actually stop them is beside the point. It will suffice to put them on notice of pertinent laws of Virginia, to give them an opportunity to be heard and the state an opportunity to determine the facts, and, if, after hearing, a cease and desist order is issued, the commission will then be authorized to give such publicity to the order as it sees fit for the information and protection of the public."

"No word found in or inference derived from Section 6, aforesaid, may properly, in our judgment, be said to impose penalties upon the respondents. . . ."

"There is no element of compulsion except such as may flow from a dread of the publicity attending such an order. In such cases, the only weapon available to the commonwealth is to publicly advise that the securities of the respondent do not bear the stamp of the state's approval and are being presented to the public without regard to the regulatory laws enacted to protect them. Section 6, supra, imposes no penalties, exacts no direct toll from those against whom its orders proceed. . . ."

The question of substituted service on the secretary of the commonwealth is not here in any aspect. As far as appears, service in this manner is not authorized by the Virginia statutes except where the nonresident has opened and is conducting a place of business within the state. Up to this date Virginia has not claimed the power to require appellants, who do business in Virginia only by mail, to appoint the secretary of the commonwealth as their agent for service of process, nor have the courts of Virginia rendered judgment in a suit where service was made in that manner. I do not understand, therefore, what possible application the court's reference to substituted service on the secretary of the commonwealth could have in this case. I would answer the question of due process when Virginia has attempted to apply its process to appellants in a proceeding that has consequences of a nature which entitle a person to the protection of the due process clause. See Parker v. Los Angeles County, 338 U. S. 327. I would, therefore, dismiss the appeal.

As stated, it seems to me that the majority opinion is saying that Virginia has more power than it claims in the instant proceeding. While Virginia has not attempted to do more than publicize the activities of appellants in the state, I read the majority opinion to intimate that under the service by registered letter Virginia might go further. The cease and desist order issued cannot validly compel appellants to designate the secretary of the commonwealth as

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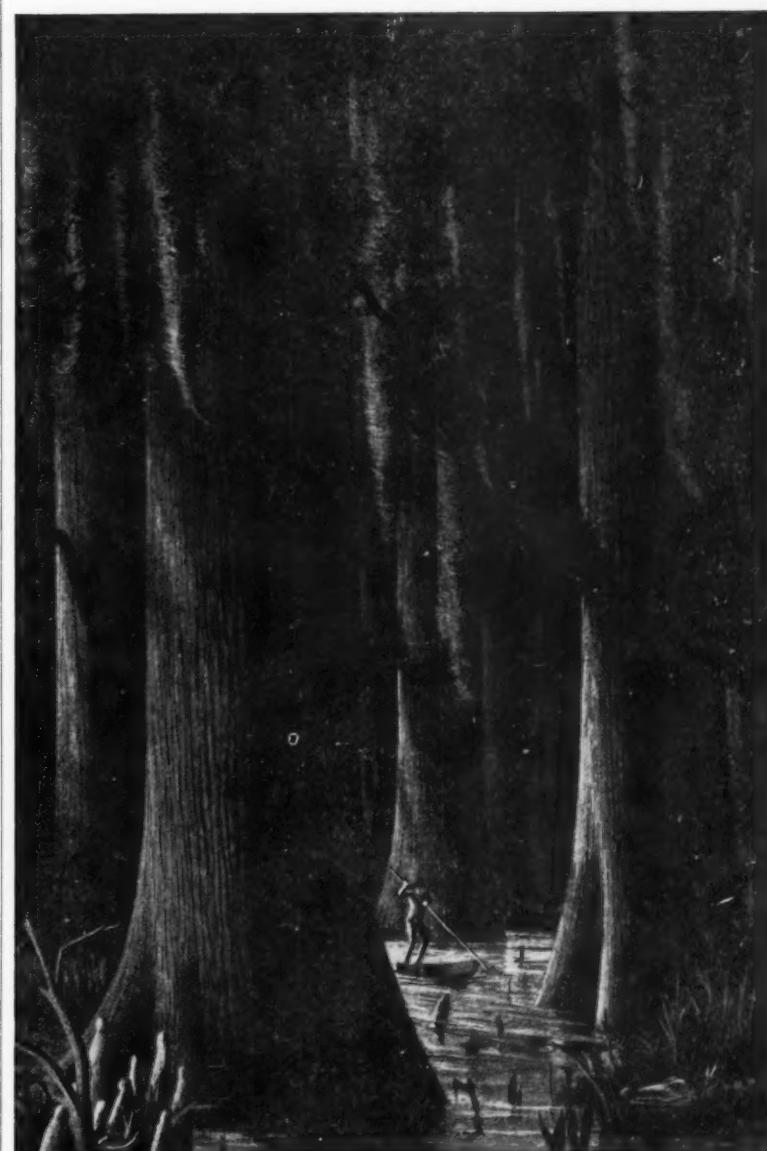
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their agent for service of process, any more than it can constitutionally be considered as automatically accomplishing that result. An in personam judgment cannot be based upon service by registered letter on a nonresident corporation or a natural person, neither of whom has ever been within the State of Virginia. *Pennoyer v. Neff*, 95 U. S. 714; *Old Wayne Life Assn. v. McDonough*, 204 U. S. 8, 22-23. It that may not be done directly, it may not be done indirectly. Certainly such service cannot be justified where its purpose is to make substituted service legal in the future. These non-residents cannot be brought in through service by registered mail and compelled to designate the secretary of the commonwealth as their agent for service of process so that thereafter service may be effected upon such non-residents by serving the secretary. So to hold would allow the state to pull itself up by its own bootstraps.

\* \* \*

Service by registered mail is said by the majority to be sufficient where the corporation has "minimum contacts" with the state of the forum. How many "contacts" a corporation or person must have before being subjected to suit we are not informed. Here all of appellants' contacts with the residents of Virginia were by mail. No agent of appellant corporation has entered the state, nor has the individual appellant. The contracts were made wholly in Nebraska. Under these circumstances, I would hold that appellants were never "present" in Virginia.

"For the terms 'present' or 'presence' are used merely to symbolize those activities of the corporation's agent within the state which courts will deem to be sufficient to satisfy the demands of due process." *International Shoe Co. v. Washington*, 326 U. S. 316, 316-317.

As I understand the International Shoe

Co. case, the minimum contacts which a corporation has in the state must be "activities of the corporation's agent within the state." There were such contacts by agents within the state in that case. Service was made, in addition to notice by registered letter, by personal service within the state upon one of those agents. Service on an agent within the jurisdiction would seem to me indispensable to a judgment against a corporation. It would seem to be an *a fortiori* proposition that judgment could not be obtained against a natural person who was not available for personal service.

We are not dealing here with the power of Virginia to regulate the transaction of insurance business with its citizens, as was the case in *Osborn v. Ozlin*, 310 U. S. 53, and *Hoopston Co. v. Cullen*, 318 U. S. 313. In the case at bar we are concerned only with how Virginia may enforce such power as it has. No question of the sufficiency of service was involved in either the *Osborn* or the *Hoopston* cases, both of which were brought against some officer of a state. The question in those cases was whether the state had power, and not whether, having the power, it had also acquired jurisdiction of a defendant against whom a judgment could be rendered enforcing that power.

I would not attempt to instruct Virginia as to how to protect its citizens from these intruders from Nebraska. But I do not believe we should even intimate that judgments in personam may be obtained, by the simple process of sending a registered letter, against a corporation whose agents have never been in the forum where suit is brought, or against a natural person who is not personally served within the state.

Mr. Justice Reed and Mr. Justice

Frankfurter, agreeing with the court in reaching the merits, on the merits join this dissent.

### Chicago Motor Club Suit Ratio Is Corrected

A mistake affecting Chicago Motor Club occurred in the table on page 25 of the June 1 edition which listed the personal injury liability premiums earned during the three-year period 1947-1949 inclusive for companies licensed in Illinois, together with the number of suits outstanding at Dec. 31, 1949 in connection with those premiums and then the number of such suits per \$100,000 of earned premiums.

Correctly shown was the earned premium figure of Chicago Motor Club of \$5,948,059, but the number of suits was 360 instead of the figure that was shown, and the number of suits per \$100,000 of earned premium was 6.1.

There was a clerical mistake in completing the statement blank.

### Warns Against Dividing Cover on Single Risk

HAMILTON, ONT.—The public will never nationalize insurance if agents and companies adhere rigidly to the rule of providing service—and more service—and if the insured always is given the benefit of the doubt. This viewpoint was expressed to Hamilton Insurance Agents Assn. in a speech by Thomas H. Bell, general manager of General Accident.

"A complete understanding of your client is essential," he said. "If there is one member of society who should not be enjoined to mind his own business, it is the insurance agent. The more he knows about other people's business, the better able he is to serve them."

#### Consolidate the Cover

"It may happen that a client needs insurance that can be secured more advantageously from a company that you do not represent. It is a fact that in connection with certain risks, policies may overlap, or there may be a gap, and it is in your client's best interest that such policies be written in the same company."

As an example, he told of a laundry firm that had a claim made upon it by reason of an accident that occurred when a driver dropped a bag of dirty linen into the lobby from the second floor of a small hotel. The guest that was struck and injured made a claim against the laundry. The latter's automobile insurer contended that the accident did not arise out of ownership, use or operation of the automobile and that the loading and unloading cover did not go far enough to take care of this claim.

General Accident had the liability policy covering operations of the laundry at and away from the plant and this had an exclusion with respect to accidents caused by any chauffeur or driver. General Accident felt it was not in the public interest that this insured should be without protection and thought that the two companies should share the cost. However, the automobile insurers were adamant and General Accident took over the claim. The point is, he said, that it would have been better for one agent or the other to have been without the business rather than for the insured to be placed in jeopardy.

Another example involved a hospital that had a malpractice policy with General Accident and an O.L.T. contract with another company. The patient was on a stretcher in charge of a nurse and the stretcher was being propelled into an elevator. The elevator suddenly moved and the patient was killed. General Accident felt that this was not a malpractice claim and the O.L.T. insurer denied liability. Judgment was obtained against the hospital and the latter sued the two insurance companies. The case was finally settled by General Accident contributing 25% of the cost. The O.L.T. insurer paid many times as much as it would have had to pay had it taken hold of the cause in the first instance. He thus advocates to hospitals that the malpractice and O.L.T. insurance be placed with the same company.

### Mileage Rate Low

Traffic fatalities in April numbered 2,710 which was an increase of 17% as against the same month a year ago, according to National Safety Council. Traffic deaths this year are the highest since 1946, but the mileage death rate is at the lowest point in history. This is due to the fact that travel is averaging 10 billion miles a month more than in 1941. All of the 1950 death increase is occurring on rural highways and in towns of less than 10,000 population.

### Michigan Actuaries Elect

A. F. Reinhard, Federal Life & Casualty, has been elected president of Michigan Actuarial Society. Other officers are R. E. Henne, Gleaner Life, vice-president; Robert Richardson, Marsh & McLennan, secretary, and F. W. Hamm, City of Detroit Retirement System, treasurer.

### Apology

This is Luman E. Williams, the new superintendent of the western department fidelity and surety division of Fireman's Fund Indemnity. He has been in charge of the fidelity and surety department of Hartford Accident at Oklahoma City. Through a mistake in the June 1 edition of THE NATIONAL UNDERWRITER, a picture of Kenney E. Williamson, general agent of Massachusetts Mutual Life at Peoria, was run in connection with the story of Mr. Williamson's appointment.



L. E. Williams

### Reduction for Negro Cabbie

MEMPHIS—From being a shunted about liability insurance problem, Sam Plough, representing Heart of America Ins. Co., Kansas City, has announced a reduction of rates on many renewals and a good loss record for all Negro cab owners of Memphis. He says they have done a good job of safe driving.

### Oklahoma Rate Reductions

State Farm Mutual Automobile has instituted rate reductions in Oklahoma up to a maximum of 20% on auto B.I. and P.D., 25% on comprehensive and 18% on collision.

## BUCKEYE UNION

*means*  
**two strong companies**

**...strong in their belief in the American Agency System**  
**...strong in prompt settlement of claims**  
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**THE BUCKEYE UNION CASUALTY CO.**  
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Writing Compensation—Liability—Burglary—  
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Branch Offices—San Francisco—Los Angeles—  
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General Agencies—Cobb & Stebbins, Denver  
George M. Yamada, Honolulu  
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**GUARANTEE INSURANCE COMPANY**  
HOME OFFICE — LOS ANGELES



## WANT ADS

Rates—\$12 per inch per insertion—I inch minimum. Limit—40 words per inch. Deadline Tuesday noon in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER

### REGIONAL SALES MANAGER WANTED

Well-established mutual insurance organization has opening for Regional Sales Manager to supervise and direct District Managers in Wisconsin and Michigan. Multiple line operation with agents writing life, automobile and residence fire. Successful life insurance background and personnel management ability necessary. Compensation on salary and expense basis. Salary open.

Write A-21, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill., stating full particulars of background, experience, and personal data. Replies strictly confidential.

### CASUALTY UNDERWRITER

Progressive Chicago insurance agency established over 25 years has excellent opportunity for man 30 to 45 with experience in casualty insurance underwriting. Some college training desirable. Salary commensurate with ability and experience. Merit increases based on ability to handle increasing responsibility.

In confidential reply furnish details of experience, personal background and salary requirements. Address A-31, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

### EXPERIENCED HEALTH, ACCIDENT, AND HOSPITAL CLAIM ADJUSTER

Responsible man between 35 and 50 for position of Assistant to Claim Department Manager for Insurance Company located at Rockford, Illinois. Permanent position for capable person. Give full details in reply as to age, experience, and salary expected. All communications will be strictly confidential. Address A-33, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

### EXCEPTIONAL OPPORTUNITY

Midwest company operating nation-wide expanding group operations. Have openings for regional group manager, supervisors and sales personnel. Also Home Office assistant with actuarial or rate making background. Write in detail. Replies confidential. Address A-18, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### AUTO & COMPENSATION UNDERWRITER

Excellent opportunity for experienced men with expanding casualty company in mid-west. Address A-29, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

### WILL INVEST

Ambitious young executive seeking insurance agency in Chicago area. Willing to invest funds in going general insurance agency with potentialities. All inquiries will be treated as strictly confidential. Address A-35, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

### CASUALTY UNDERWRITER

Milwaukee Branch Office of multiple-line National Bureau Casualty company needs an experienced man to manage office personnel and supervise all lines. Address A-36, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

### War Risk Decisions to Terminate Sept. 30

WASHINGTON — George Cheney, chairman maritime emergency board, announced decision to terminate on Sept. 30, outstanding war risk and war risk compensation decisions. The action called for termination of decisions 1-A, 3-A, 5-A and 2-D on that date. Provision was made, however, for earlier termination under bilateral collective agreements. Further provision was made to protect insurance arrangements outstanding Sept. 30, next, until termination of the period during which, according to terms of the agreements, they were to remain operative.

The board's decision was based on substantially complete restoration of American merchant marine to private commercial operations and the resumption of collective bargaining in substantially the entire field of maritime labor relations.

The board announced former war conditions under which it operated and bonus and insurance decisions were effective, "have abated substantially in extent and in intensity." Conditions of secrecy of extent and character of war risk, and sufficient information can be obtained to provide a satisfactory basis for collective bargaining on war risk. The board's decisions no longer covered the entire shipping industry.

The board decided, however, an orderly transition to a situation where war risk will be covered by agreement between the parties, is appropriate and desirable.

### Absorption Report

WASHINGTON — Following generally along lines of intermediate recommendations submitted some time ago, the expiring maritime commission has released a report on practices of members of shipping conferences to absorb excess cargo premiums chargeable to shippers by insurance companies. The commission announced the proceeding would be held open and no order issued pending receipt of information that respondents, including conferences, comply with its findings.

#### Findings:

1. Conference agreement provisions authorizing absorption of excess cargo premiums were not shown to be unlawful nor to call for disapproval under the 1916 shipping act.

2. Respondents' tariff provisions relative to absorption of such premiums should be consistent with provisions of applicable conference agreements, and should specify whether or not such premiums will be absorbed, together with any limitations applicable to absorption.

3. Pending amendment relative to such absorption submitted by Leeward & Windward Islands & Guianas conference, should be approved.

### Coast Steering Group Named

SAN FRANCISCO — The Pacific Coast department of N.A.U.A. has elected as members of the governing committee R. L. Countryman, Norwich Union; R. L. Ellis, Fireman's Fund; R. H. Griffith, Glens Falls; E. R. Hindley, National Fire; Carl N. Homer, Deans & Homer; Paul F. McKown, St. Paul; B. Miller, American; Richard Orlob, Atlas; A. C. Posey, Hartford; J. C. Qualman, Royal-Liverpool; H. A. Reynolds, Home; H. A. Ryan, Great American; R. W. Schacht, Motors; E. F. Wagner, Phoenix of Hartford; J. M. Wylie, Springfield F. & M.

### Examiners to Have Golf Outing

Chicago Assn. of Fire Insurance Examiners will hold its annual golf outing June 13 at Itasca Country Club. The golfing will be followed by a dinner.

Ministers Life & Casualty Union has been licensed for life and A. & H. insurance in Canada. Chief agent for Canada is E. P. Stewart of Toronto.

# THE SKY'S THE LIMIT ...for 1950 Contract Bonds!

### MORE CONSTRUCTION THAN EVER!

Statistical experts estimate 1950 construction at \$30-billion. \$20-billion for new building alone, which is \$700-million over the 1949 record, \$2-billion above the war time peak.



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your share of  
this business?*

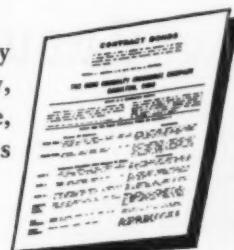
Opportunities for writing Contract Bonds are greater than ever, and Ohio Casualty agents are in an extra good position to get this business.

By prequalifying your contractor clients with us, you can give prompt, efficient service at rates that are competitive.

Further, to help you sell these bonds, we have available an Outline of Contract Bonds answering the questions most frequently asked.

You will find, too, that we offer equally attractive facilities for General Liability, Workmen's Compensation, Automobile, Fidelity, Burglary and other coverages needed by contractors.

Responsible agents not now enjoying Ohio Casualty facilities are invited to get in touch with us.



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*Fast, friendly, coast-to-coast claim service*

**HOME OFFICE,  
HAMILTON, OHIO**

## ACCIDENT AND HEALTH

### Florida A. & H. Men Elect Lynn Golden President

Florida Assn. of A. & H. Underwriters at its annual meeting at Miami Beach elected Lynn Golden, Mutual Benefit H. & A., Miami, president.

Grady Crutchfield, Professional, Jacksonville; W. Lowe Davis, Provident L. & A., Tallahassee; James F. Mullahy, Professional, Orlando; C. B. Pepper, Mutual Benefit H. & A., Tampa, and O. N. Cronk, Estate Life, Orlando, were named vice-presidents. Frank Gabor, Educators Mutual, Miami, was elected secretary. Earle R. Bennett, Provident L. & A., Tampa, retiring president, becomes chairman of the executive board.

Speakers were Dr. Homer Pierson and Dr. Charles Hillman, Miami physicians, who each stressed the importance of better understanding between insurance men and doctors.

### Flint A. & H. Group Elects

Ruel Jensen, Mutual Benefit H. & A., has been chosen president of Flint (Mich.) Assn. of A. & H. Underwriters, succeeding Martin M. Conaton, Provident Life & Accident. Leonard A. McKinnon, Continental Casualty, is the new vice-president and Mrs. Helen T. Patterson, Hoosier Casualty, secretary. Mr. Conaton was chosen chairman of the executive board.

### Arrange License Reciprocity

Commissioner Butler of Texas announces that the Texas and Louisiana departments have recently perfected a reciprocal agreement concerning life and A. & H. licenses.

The agreement emphasizes, among other requirements, that the agent who asks to be licensed in both states must

represent a company licensed in both states and that his home state department must furnish a letter with the application stating that there are no outstanding complaints against him and that his license record is clear.

The life insurance division of the Texas department has had a similar agreement with the New Mexico department for some time. Efforts to effect similar agreement with Oklahoma failed because Commissioner Dickey said Oklahoma statutes prohibit his entering into such an agreement.

### Van Epps Named San Diego G.A. by Mass. Protective

Merle E. Van Epps, field supervisor of Massachusetts Protective and Paul Revere Life, has been named general agent at San Diego.

Mr. Van Epps entered insurance in 1927 as an agent of Penn Mutual at Davenport. A year later, he became agency supervisor. In 1939 he joined Mutual Life as district manager serving eastern Iowa and northwestern Illinois. He joined his present organization in 1944.

### Md. Cas. New Policies

With the writing of two hospital expense policies, one for individuals and one for families, Maryland Casualty has become one of the few multi-line companies to enter the hospital expense insurance field.

Both the family and the individual policies cover accident and sickness. For hospital confinement a daily benefit is paid up to 90 days for each injury or illness. A payment of 10 times the daily benefit is available for miscellaneous hospital expense, and three times

the daily benefit for first aid hospital expense for injuries.

Because both a surgical expense rider and a medical expense rider may be attached to either policy, the prospect has over 60 different plans from which to select his protection.

### Restitution in Fraud Cases

PASADENA, CAL.—Charles Strafford, sales manager of Western Beneficial Health & Medical Assn., who recently pleaded guilty in five cases to obtaining money under false pretenses in connection with the sale of "medical care" contracts, has been placed under three years probation. Nine other charges against him were stricken.

He is to make restitution to those defrauded at the rate of \$50 per week, the payments to be distributed on a pro rata basis by the probation officer, and spend three days in jail.

### Propose Ala. Hospital Plan

Alabama A. & H. Underwriters Assn. held a special meeting at Birmingham with hospital administrators there at which J. R. Bracewell, home office claim manager of Provident Life & Accident, explained the working of the Chicago hospital admissions plan. A committee was named to present a similar plan to Birmingham Hospital Council.

## CHANGES

### J. G. Fay Joins Atlantic

James G. Fay, who has been with Indemnity of America a number of years, has joined Atlantic Mutual as manager of the burglary and glass department. He takes the place of Francis K. Peterson, who has become head of the inland marine operations.

### Homan Joins American Auto

American Associated has appointed William B. Homan supervisor of the compensation and liability department in Chicago. Mr. Homan has been in the special risks department of Aetna Casualty at Chicago for two years. He entered the business with Aetna Casualty 14 years ago at Kansas City and subsequently served at Tulsa. Mr. Homan was in the army.

### Takes on Pan-American

The C. G. Blakely & Co. agency, Topeka, has been named general agents for Pan-American Casualty of Houston, which specializes in writing liquefied petroleum gas risks.

George W. Stark, Indianapolis meat packer, has been elected a director of Citizens National Casualty of Indianapolis.

New directors of Public Service Ins. Co. of Fort Wayne are Donald R. Mote, North Manchester, Ind., attorney, and Cecil C. Lockwood, operator of the Sunier-Lockwood local agency of Bluffton, Ind.

Boston has appointed James E. Kookogey, special agent at Baltimore to specialize in casualty and surety. Mr. Kookogey has been with Loyalty group.

### Hill Leaves Ia. Department for Farmers Mutual Auto

Vernon B. Hill, rating superintendent for the Iowa department, has resigned to become district supervisor for Farmers Mutual Automobile of Wisconsin. He will make his headquarters at Des Moines and will supervise agents in Boone and Polk counties.

Mr. Hill joined the Iowa department in 1948 as an examiner and later was appointed rating superintendent. Before that he was with Iowa Home Mutual as office manager. He is a navy veteran.

## SURETY

### Dam, Canal Contracts Let

Western Contracting Co., Sioux City, Ia., has been awarded contracts at \$7,208,896 for certain work on Ft. Randall dam near Lake Andes, S. D., and at \$2,412,645 for work on the Mohawk Canal near Yuma, Ariz. Aetna Casualty will write the bonds on both projects.

### Install Western Mich. Officers

New officers of the Surety Assn. of Western Michigan are Joseph C. Russell, F. & D., president; Robert L. Jackson, Standard Accident, vice-president; Walter J. Gatherer, Fireman's Fund Indemnity, treasurer.

Installation took place at a farewell dinner for John F. Beardsley, Hartford Accident, past president, who has been transferred to Chicago as assistant superintendent of the fidelity and surety department for his company.

### Expect Early Hearings

WASHINGTON—Surety people understand the full House expenditures committee will probably hold hearings on proposed legislation for surety bonding of government employees shortly after June 12. The committee will have before it the report of the subcommittee which held extensive hearings on several bills. The subcommittee recommends a program somewhat similar to that proposed by the surety committee, under which the total number of bonds for government employees would be greatly reduced and government would pay the premiums.

The subcommittee also recommends a continuing study of problems involved in bonding of government employees, which was likewise suggested by the general accounting office and budget bureau.

### Unemployment Is Key

A warning that if private business does not take up the cumulative slack in unemployment, the government will, was sounded by Dr. William F. Butler, economist of McGraw-Hill Publishing Co., at the season's final meeting of Surety Underwriters Assn. of the City of New York. The necessity of creating new jobs is the urgent responsibility of both the surety business and the entire business economy, not only to keep bright the business outlook for many years but to avoid the higher taxes and diminution of personal freedom that would inevitably follow if government took over, the speaker said.

The record peak of 4,700,000 unemployed in February may be reached again, because of increasing distress in some fields and with 450,000 June graduates seeking their first jobs, unless private enterprise accepts the realistic necessity of opening up its ranks to absorb more unemployed, Butler asserted.

The group discussed current business problems with Rankin Martin, Standard Accident, presiding, and a review of trends and events leading to the present congressional inquiry into the federal employe bonding situation was presented.

### TDB Benefits Increased

Gov. Driscoll of New Jersey has signed a bill increasing maximum weekly benefits under the state disability benefits law from \$22 to \$26 and minimum weekly benefits from \$9 to \$10 effective July 1. He also signed bills providing that disability benefits may be paid to a person while under the care of a chiropodist and one providing for reimbursement to the division of security of funds paid workers under the disability benefits law in cases where it is found later that individuals were eligible for workmen's compensation. Aside from administrative and policy changes the increase in benefits will not appreciably affect private plans.

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## Extensive Changes in Three Fields

(CONTINUED FROM PAGE 17)

added. The rule covering "additions, alterations or repairs" has been extended to premises under construction.

The only territorial rate change involved is for New York state. This resulted in a statewide reduction of 5%. It included an overall reduction of 12.6% in Bronx, Kings, New York and Queens counties, an increase of 12% in Syracuse, and an overall increase of 25.4% in all other counties except Richmond and Yonkers where there is no change. Coupled with this is a revision of the rating zones for Bronx, Kings, New York and Queens counties.

The combination residence policy includes the latest standard provisions for the comprehensive personal, residence and outside theft and residence glass damage coverages, with only minor editorial changes. It also includes the manual coverage for damage to the residence and its contents by water or explosion, coverage for loss of use of the residence resulting from damage by water or explosion, coverage for damage to the premises and its contents by aircraft or other vehicles, and coverage for loss of use resulting from damage by aircraft or other vehicles.

### Direct Damage Specified

In the water or explosion and aircraft or other vehicle damage coverages, reference is made to "direct damage" to distinguish them from the loss of use coverages which may be separately insured. In both coverages, the fire exclusion has been revised to make clear that there is excluded damage by fire resulting from a cause of loss under these coverages. In the water or explosion coverage, the discharge or leakage of water and the explosion hazards are expressly limited to the plumbing,

heating, lighting and other systems listed, at the premises. In the aircraft or other vehicle damage coverage, exclusion of damage by vehicles kept or stored on the premises has been changed to vehicles usually kept on the premises. In the loss of use coverages, the maximum amount allowed for moving the insured's household effects is made a recurring item rather than an aggregate for the policy period.

Changes have been made in the rules for the water damage or explosion, aircraft or other vehicle damage, and loss of use coverages to conform to the latest wording for these coverages appearing in the new policy. In addition, the three year policy rule has been amended to provide that if the premium is paid in installments, it shall be in equal annual installments of 33 1/3% each in lieu of the 40-30-30 installments previously applying. This change brings the rule in conformity with the similar rule for general liability insurance.

### Care, Custody, Control Cover

In connection with the comprehensive personal and farmer's comprehensive personal liability policies, coverage is now included without additional charge for two full time residence employees for all insured for whom employers' liability coverage is afforded under the policy.

A manual underwriting program has been developed to cover the insured's legal liability for injury to or destruction of, including loss of use of, the premises or house furnishings used by, rented to or in the care, custody or control of the insured, if such injury or destruction arises out of fire, explosion, or smoke or smudge caused by sudden, unusual and faulty operation of any heating or cooking unit.

Manual classifications and rates have been established to cover medical payments for injuries to persons on the premises because of a business conducted thereon, or injuries caused by an accident arising out of such business.

These revisions apply in all states except that the underwriting program for legal liability for damage to premises or house furnishings arising out of fire, explosion or smoke or smudge does not apply in Louisiana.

### Regular Employes Covered

The personal liability programs at present afford coverage basically for all part time residence employees without additional premium charge. Now, in addition, the basic premium charge will contemplate coverage for two full time regular residence employees. No change is contemplated in the rating treatment of employees whose duties are incidental to the ownership, maintenance or use of farm premises; nor is any employers' liability coverage afforded where residence employees may be subject to a workmen's compensation law, or where the insured has a workmen's compensation policy covering these employees.

The classifications and rates established to cover the insured's liability for damage to the premises or house furnishings arising out of fire, explosion, or smoke or smudge result in making available an additional optional coverage insuring the legal liability of any insured for the hazards mentioned. The coverage is of particular significance to persons occupying rented residences on an annual or seasonal basis, and occupying hotel rooms. It holds interest also for owners of residences and farms where legal liability exists in connection with non-owned household furnishings.

Flat rates are charged for this coverage regardless of the number of residences or farms covered by the policy. The rate where the policy covers resi-

dences only is \$5 for \$10,000 of insurance per occurrence, and for farms and residences written in the same policy \$10. For each additional \$1,000 of insurance, an additional premium of 50 cents applies for residences only, and \$1 for farms and residences written in the same policy, up to a limit of \$50,000.

The coverage may also be written on a \$50 deductible per occurrence basis at a rate of \$3 for \$10,000 of insurance per occurrence where the policy covers residences only, and a rate of \$6 for farms and residences written in the same policy. The same premiums apply for each additional \$1,000 of insurance as for full coverage.

The medical payments change results in the establishment of fixed manual rates for medical payments coverage for bodily injury to, or sickness, disease, or death of any person other than a residence employee if such person is on the premises because of a business conducted thereon, for example, doctor's or dentist's offices, private school or studio occupancy, etc., or is injured by an accident arising out of such business. This coverage may be afforded by endorsement, provided the business is insured under the policy. The rates for this are \$2.50 for \$250 medical, \$5 for \$500 medical and \$7.50 for \$1,000.

## Procedure Under Virginia Blue Sky Law Upheld

(CONTINUED FROM PAGE 17)

tooth comb to see how these fine distinctions shape up and what, if anything, should be done to amend the unauthorized insurer's service of process act. Some are already surmising that because the Virginia approach of making its blue sky law applicable to insurance has been upheld, attention may be given to the idea of extending that principle elsewhere. In any event, the decision



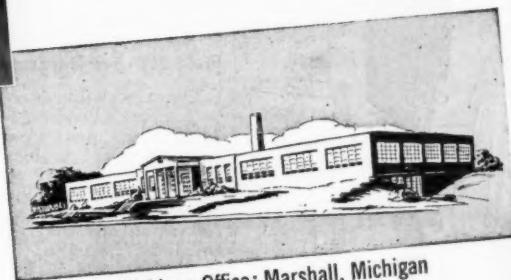
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Western Office: Berkeley, California



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State Farm Mutual Automobile Insurance Company

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can only be construed as favorable to the cause of state supervision.

It is interesting that for 75 years the system of state supervision was constructed and maintained on the basis of the U. S. Supreme Court decision in the case of Paul vs. Virginia. That basis was knocked out in the S.E.U.A. decision but now comes another Virginia case that aids in preserving state supervision.

### Katz, Wiley at Bristol

David A. Katz, president of Insurance Board of Hartford, spoke on fire safety at a meeting of the Bristol association. He was accompanied by William H. Wiley, executive secretary of Connecticut Assn. of Insurance Agents.

### Berry to Phoenix Post

Wildy M. Berry, manager of the southwestern office at Albuquerque of Reed & Co., Denver general agents, has resigned to go with Southwestern General Agency, Phoenix, Ariz.

### L. A. Golf Tourney Winners

Thirty members and guests at the annual golf tournament and dinner of Los Angeles Insurance Assn. were prize winners at the event, held at the Oakmont Country Club. H. A. Graham was the winner of the W. A. Garland Trophy for low gross score. Jack Grossmayer, with the low net, won the President's Trophy, silver platter.

### Smith, Ray Elected V.P.s

Forrest S. Smith and Charles R. Ray have been elected vice-presidents of Markel Service. Mr. Smith, who has been general claims attorney since 1936, will have charge of all claims. Mr. Ray will continue in the fields of safety engineering and public relations.

## Connecticut Agents Hold Midyear Rally

(CONTINUED FROM PAGE 1)

bumping into everything and leaving a big mess.

E.U.A. companies are quite interested in the problem of meeting the competition of the household coverage extensions, and have studied the idea of an all-risk policy for some time, Mr. Hatfield said.

One agent wondered if it would be better to reconstruct the present extended coverage, or have two endorsements, the present and a broad one. An option would require a lot of handling and add to agency expense. Why not ask for one new all-risk extended coverage or leave it as it is at present, he wondered. An all-risk policy would require substantial insurance to value. It would undoubtedly be written \$50 deductible and might be the means of securing this generally on E. C., which the companies want.

#### May Change Assigned Risk Plan

Another matter up for decision, according to David A. North, New Haven, is whether to change Connecticut's automobile assigned risk plan to correspond with the new one in New York, where risks are bound in two working days and 30% of the premium goes with the application. The Connecticut department is testing agency sentiment before acting on the proposal.

Agents were not decided as between the present plan and the New York one, but they would definitely like to be able to get \$20,000 coverage for assigned risks rather than the present 5/10 insurers write. This is because agents have educated insured to carry adequate auto limits and the \$20,000 tort death limit in the state has acted to fix that pretty much as a minimum sold by agents. Also, if insured goes into

financial responsibility he is required to furnish \$20,000 cover, but the assigned risk insured can only get 5/10. Mr. North thinks this an injustice. A lot of assigned risks don't come under financial responsibility.

One objection Mr. North noted to the new New York plan is that it creates a collection problem on the remaining 70%. The agent can't cancel because it isn't in his company.

The association is in sound and prosperous condition, President Paul L. Avery of Granby reported. It has 828 members with 27 local boards, two of them new—Thomaston and Cheshire-Southington. He paid special tribute to E. S. Cowles, Jr., of Hartford, F. C. Moffat of Westport, Mr. Bliss and W. Harry Wiley, executive-secretary, for these fine results, financial and membership.

#### Plan for State's Insurance

The committee on state insurance, formed at the last annual meeting because the association was approached by one of the experts for the governor's commission on state government reorganization, formulated a plan to handle the state's insurance efficiently, economically and non-politically. The committee studied the Rhode Island plan, which Commissioner Bisson advises is working most satisfactorily. The committee took the best parts of the R.I. plan and added elements it considered improvements as to Connecticut. The bitter governor-legislature controversy put the plan in abeyance, but a good start has been made.

The association has a committee studying the problem of whether to propose and support a non-occupational disability law perhaps of the New York type, in the next Connecticut legislature. Mr. Hatfield, its chairman, has conferred with Superintendent Dineen of New York and with the companies. Mr. Avery pointed out that insurers which write the business through group departments are interested in big numbers, and are not going to be of much help to the agents in their effort to get legislation providing for insuring all risks in private companies. What they need is a group of companies, perhaps casualty carriers, that will be interested in writing the small and even undesirable risks so there will be no need for a state fund in any form. Agents are convinced that labor, notably C.I.O., will surely introduce a bill next year. Agents hope they can get labor, as well as chambers of commerce, manufacturers, etc., to go along with the measure the agents plan to propose.

The new publicity committee, headed by Mr. North, has secured the services on a fee basis of Miss Nancy Matthews of the Hartford Courant.

#### Field Man for Department

The association has been working to help secure a field man for the insurance department, and Commissioner Allyn was successful in his effort to do so. Gerald Wholly went to work June 1.

The agents qualification committee named by Mr. Allyn, and including L. J. Ackerman of University of Connecticut and John Hansen of the Hatfield agency, is working for higher standards. Mr. Allyn in his talk said he has high hopes for improving agents qualification standards.

A change in by-laws was voted that raises non-affiliated dues from \$15 to \$20.

Mr. Avery named a nominating committee, to bring in a slate of officers for the annual meeting, composed of Mr. North, Mr. Cowles, and Daniel Miller of Stamford. Sage Adams, chairman of the educational committee, plugged for more attendance at the agency management conference at Storrs in August.

It is ridiculous for any one group in insurance to feel they alone have the correct answer to the many important problems that face the business today, Mr. Hamilton declared. These problems

can be solved—by cooperation. No other business demands so much of it between company, agent and public.

The local agents are the most important factor in the business. They have brought it to its present eminence. Being the most insurance-conscious nation in the world did not happen by accident but resulted from concentrated and conscientious effort by every local agent in every part of the country. The only real asset an insuree possesses is its agents. This imposes a lot of responsibility on agents for re-service. Not long ago the companies were in the driver's seat, today the agents are. It would be foolhardy for the agents now to take advantage of the change because one intolerant attitude eventually begets a response in kind.

He deplored the idea that agents have no right to express their views in formulating policies, rate filings, agency contracts, policy forms. Agents are entitled to recognition and nowhere else can they turn except to their association to get it.

#### Petty Differences Must Cease

He said that petty differences between companies and agents must cease. He thinks a strict legalism is no longer valid in the business. For example, after S.E.U.A. many agents changed rules and regulations that now seem justified. The greatest influence in stabilizing the business has been rules of local boards and there was no reason for complete emanicipation of them under the guise of strict legalism.

The business belongs to agents, companies, commissioners and others who will work for its preservation and enhancement of its public confidence and prestige, he said, through cooperation and intelligent effort.

Mrs. W. W. Hamilton and Commissioner Allyn were pressed into service to draw for the door prizes. Greenwich Board acted as convention arrangement, with C. H. Dayton, general chairman; E. L. Tracy, golf; R. M. Griswold, meteorologist—he managed a perfect day; Mrs. Catherine Marshall, ladies; Miss Lauricella, registration, and L. F. Whelan, president ex-officio. A motor cavalcade with motorcycle cops made a brave start from Greenwich to Tamrac, but some of the units managed to get off the road and arrived late.

#### No Agreement Yet on Cal. Minimum Benefits Issues

LOS ANGELES—Further efforts to arrive at a solution of the problems in connection with the regulations implementing the new A. & H. minimum benefits law were made at a meeting of department representatives and the committee representing the business.

Considerable progress was made in the matter of arriving at amounts of benefits, but differences on some of the fundamentals arose and the conference adjourned to meet again, at call.

Joseph D. Thomas and Charles McElman represented the department at the conference, while Arnold B. Brown, Metropolitan Life, and George W. Kemper, Firemen's Fund Indemnity, San Francisco; John Sheppard, Unity Mutual Life & Accident; Ray Scofield, Massachusetts Bonding; H. C. Childress, Pacific Mutual Life, and Vice-president Howard Brace of Occidental Life, all of Los Angeles, represented the companies.

#### Home in New L. A. Offices

LOS ANGELES—Home has opened its new southern California offices at Seventh and Spring streets, occupying the entire first floor of the Van Nys building, with additional space on the mezzanine and in the basement.

Resident Secretary Sim E. Wherry, Manager R. P. McGuire and Assistant Manager Walter Scott, Jr., are in charge. Formal opening of the new quarters will be announced later. It is expected that President Harold V. Smith will be present.



**PACIFIC EMPLOYERS INSURANCE COMPANY**

Victor Montgomery, President

June 8,

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## Employers Indemnity New Member of Texas Fleet

The organization of a new company, to be known as Employers Indemnity, has been authorized by the directors of Texas Employers and Employers Casualty. It will have capital of \$200,000 and net surplus of \$200,000; and all but directors shares will be owned by Employers Casualty.

The new company will be used in writing fire insurance on an agency basis and will make available additional facilities for increased lines on dwellings and mercantiles. It will also provide fire reinsurance for Employers Casualty.

## Big Enrollment

The school of Insurance of Insurance Society of New York report 3,453 students enrolled for the school year 1949-1950—a year which marks the Society's first 50 years. Registrations totaled 5,041. Veterans enrolled were approximately 900, against 1,000 the previous year, an anticipated decrease.

The school conducted classes in 63 subjects, and there were 5,962 hours of instruction.

## Mo. Assigned Risk Plan Report

ST. LOUIS—The third annual report of the Missouri automobile assigned risk plan shows that 164 insurers are now operating as members of the pool, an increase of 27 for the year.

In 1949, 1,297 applications were received under the plan, compared with 1,052 in 1948 and only 568 in 1947, its first year. There were 369 assignments in 1947 and 715 in 1948, while in 1949 there were 569 new assignments and 502 renewals, a total of 1,071 for the year.

The breakdown of the 1,071 cars covered in 1949 showed 757 private passenger automobiles, 108 taxicabs, 145 commercial cars, 20 butane gas trucks and 41 miscellaneous cars. L. F. Keegan is manager of the assigned risk plan.

## DBL Form F Approved

The New York department has approved another advisory form for use with disability benefits. Form F is an additional rider that can be used to qualify existing policies by providing that every disabled employee will receive benefits at least equal to those required by the law. On some existing policies cash benefits fall below the statutory level. Form F raises the benefits to the statutory level in every case

under which the policy might be below that level.

Form J, already in use, qualifies existing programs under the "at least as favorable" test required by the law. The cancellation clause of form F is the same as that in advisory form B.

## To Increase School Coverage

The Superior Wis., board of education has voted to accept the plan submitted by Superior Assn. of Insurance Agents which will increase coverage \$3,522,000 on buildings and \$3,999,500 on contents and reduce the number of policies from 140 to six. The cost will be \$4,167 annually: Present coverage is \$2,260,000 on buildings and \$34,000 on contents at a cost of \$3,645 annually.

A proposal to place the business with the state fire fund was lost when the state competition with private industry issue was raised. The insurance will be placed with the association agencies.

## Thomson Speaks at Wichita

Wayne Thomson, assistant dean of American Institute for Property & Liability Underwriters, addressed Wichita Assn. of Insurance Agents on C.P.C.U. courses. About 15 Wichita men and women who are enrolled in the course attended and met with Mr. Thomson for further discussion following the luncheon.

Mr. Thomson cautioned that the complete course requires several hundred hours of study and said no one should enroll unless he is able and willing to put in the required study time. He said several insurance buyers have received the C.P.C.U. designation and it is up to the insurance seller to be as well informed as the buyer.

## Hunter at Gopher 1752 Meet

ROCHESTER, MINN.—Corey Hunter, Moravia, N. Y., president National Assn. of Mutual Insurance Agents, was a speaker at a meeting here of Gopher 1752 Club.

Others who spoke were Neal Wells, Farmers Home Mutual, on "Builders' Risk"; George Hughin, Employers Mutual Casualty, "Garage Liability"; Robert Damon, Shelby Mutual, on "Storagekeepers Legal Liability"; Gordon Grimur, Cream City Mutual, on "Agents' Responsibility," and Jim Jordan, Minnesota Farmers Mutual, on "Farm Liability."

Examiners of the New York department held their annual picnic at Jones Beach, L. I. Most department executives were present.

## Report on New Explosive Hazard Bleach Process

A newly developed bleaching process which is being used by flour manufacturers and fat rendering companies and may be used by the soap industry, sugar refiners, and many other industries, has introduced new fire and explosion hazards which are discussed in a report issued by the research division of the National Board.

The report is titled "Precautionary Fire and Explosion Safeguards in the Use of Chlorine Dioxide for Industrial Bleaching." It offers detailed recommendations for the use of chlorine dioxide, which is spontaneously explosive in concentrations over 10%, and for safe handling and storage of sodium chlorite. It also covers the theory of operation of the new bleaching process, design and construction of the equipment used, and safe installation and operation of typical units.

These installations are presently found in a number of establishments where little or no previous experience has been had with chemical operations and critical process control, the report states. Education of the operating personnel on the potential fire and explosion hazards is essential and should be

made mandatory.

The report is available without charge from the National Board.

## Port Loss Booklet

A report of the Security Bureau, Inc. to the International Union of Marine Insurance on loss prevention recommendations has been reproduced in pamphlet form and is being given worldwide distribution. The report describes the work of the bureau since its inception and gives general recommendations on the security of piers and waterfront property. It includes a digest of the details of the staff organization and its operations based on its field and operating experience at New York since 1947.

## City and Town Rally

City and town conference of National Assn. of Mutual Insurance Companies is being held at the Congress hotel, Chicago, June 12-13. John J. Ahern of Illinois Institute of Technology will be the banquet speaker and there will be some 15 speakers at the daytime gatherings.

James J. Tully, former mayor of Belleville, N. J., has established an agency there. He formerly was with the Arthur E. Mayer agency in that city.



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# INSURANCE NEWS BY SECTIONS

## EASTERN STATES ACTIVITIES

### Pa. State College Bill Is Ready

The conference at Pennsylvania State College June 19-20 has now been fully arranged. It is jointly sponsored by Pennsylvania Assn. of Insurance Agents, Pennsylvania State College, Anthracite Field Club, Casualty Assn. of Pittsburgh, Casualty & Surety Managers Assn. of Philadelphia, Insurance Club of Pittsburgh, Insurance Society of Philadelphia, Pennsylvania Field Club, Smoke & Cinder Club of Western Pennsylvania, Surety Assn. of Pittsburgh, and Underwriters Club of Philadelphia.

Howard M. Bromage, instructor in Aetna Casualty's casualty and surety sales course, Hartford, will discuss liability coverages, farmer and personal, to open the Monday session. Richard E. Farrer, educational director of National Fire, will treat adequate coverage. E. H. Marshall, superintendent special risks division, A. & H. department, Indemnity of North America, New York City, will discuss new opportunities in the A. & H. field, which will include an explanation of non-occupational disability; and George A. Connor, assistant manager fidelity department, Fidelity & Deposit, Baltimore, "Selling Bonds and Miscellaneous Surety."

#### Banquet Program

Monday afternoon Richard J. Layton of Rough Notes will treat agency management cost analysis and office layout. There will be a banquet that evening at which W. Howard Stewart, president Pennsylvania Assn. of Insurance Agents, will act as toastmaster. C. S. Wyand of the Pennsylvania State College will speak on what is happening to the American way of doing business.

On Tuesday H. C. Klein, secretary New York Underwriters, will deal with time element coverages, and William Leslie, Jr., superintendent special risks department of Royal-Liverpool, selling the exclusions in the standard liability policy. Henry Ernst, superintendent of agencies, casualty division, Fire Association, will deal with garage liability, and Warren J. Baker, manager technical department North America companies, "Fire Prevention as Applied to Rate Making."

W. J. Zwinggi of Pittsburgh will act as chairman of the luncheon meeting Tuesday at which Harold K. Phillips, public relations director Assn. of Casualty & Surety Companies, will speak. Certificates will be presented. That afternoon W. C. Moore, director of education and research General Adjustment Bureau, New York City and J. C. Phillips, assistant manager U.S.F.&G., Harrisburg, will conduct a panel on service and production aspects of fire and casualty claim handling. R. H. Wherry, assistant professor of economics at the college, is in charge for the educational institution.

### Commissioner Leslie Saluted at Pittsburgh

A capacity audience greeted Artemas C. Leslie, Pennsylvania's new insurance commissioner, when he accepted honorary membership in Insurance Club of Pittsburgh at a luncheon and reception. The certificate of membership was presented by Edward D. Sweet, president of the club.

The leaders of many Pittsburgh insurance organizations were introduced by the general chairman of the luncheon, James P. McMahon of Fidelity & Casualty.

Recognition was accorded the Penn-

sylvania deputy insurance commissioners who were present, they being Oscar A. Kottler of Philadelphia and A. L. Patterson of Pittsburgh.

Mr. Leslie reviewed his previous associations with the club. He became an active resident member in 1944 by reason of his work as counsel for insurance companies and agencies. He has attended most of the 24 annual Pittsburgh insurance day programs. Mr. Leslie explained the recommendations the department expects to present to the 1951 legislature on revision of the insurance law. He explained the industry committee plan he has already activated for assisting with the development of the recommendations.

Announcement was made that commencement for the 1950 graduating classes of the Iwop elementary insurance school and Pittsburgh advanced insurance school will be held at luncheon June 19.

The annual Seven Springs outing of the club is scheduled for June 26.

#### Md. Program Features

At the Maryland Assn. of Insurance Agents midyear meeting June 22 at Ocean City Fred W. Westervelt, Jr., public relations director of General Adjustment Bureau will discuss improved public relations. John G. Franz of the Tongue, Brooks & Co. agency of Baltimore will speak on credits and collections and W. N. Day, manager of the association, on "What a Coextensive Program Means to You."

#### Boston Brokers Frolic June 19

Insurance Brokers Assn. of Massachusetts will hold its annual outing at the Marlborough Country Club on June 19. In addition to a golf, badminton and card tournament there will be a softball game between brokers and company men.

## MIDDLE WEST

### Agency Management Course at Mich. State College Set

LANSING, MICH.—The first institute in agency management ever attempted in Michigan will be conducted at Michigan State College June 19-23, by the college insurance coordinator, Carl Strong, with the assistance of Michigan Assn. of Insurance Agents.

Subjects to be considered are agency advertising, tax problems, personnel selection, training and supervision, legal aspects of agency operation, and agency costs. Instructors will include Leslie Butler, Michigan Inspection Bureau, Detroit, on fire rating, and Judge Paul Layman, general counsel Standard Accident, on legal aspects of agency operation.

The college also is arranging for another beginners' institute June 25-July 1. A license qualification test for prospective agents will be conducted by the insurance department July 1, climaxing the course.

#### Mo. Mutual Groups Elect

Missouri Assn. of Mutual Insurance Agents held its annual meeting at Jefferson City. Ralph B. Williams, Kansas City, was reelected president; Earl Powell, Booneville, vice-president; Frank Manson, Des Loge, treasurer, and M. A. Clipping, Kansas City, secretary.

Speakers were: George Madden, Kansas City, Western Millers; O. E. Hover, Jr., Kansas City, Central Mutual Casualty; W. P. Daniels, Springfield;

George D. Haskell, Chicago, American Mutual Alliance, and Harry E. Huddleston, Des Moines, Mill Owners Mutual Fire.

H. M. Anderson was reelected president of Missouri 1752 Club. William Dow is vice-president and James E. Dowland, secretary.

#### Wis. Mutual Rally

Wisconsin Assn. of Mutual Insurance Agents is holding a meeting at Waupun, June 20. Edgar C. Gothen, the president, will open the proceedings. P. M. Gahagan, insurance counsellor, will give a talk on business interruption insurance. Dr. Clark G. Kuebler, president of Ripon College, will be the luncheon speaker and those appearing in the afternoon will be Robert L. Hesse, Wisconsin state manager of Franklin Life; Corey G. Hunter, Moravia, N. Y., president of National Assn. of Mutual Insurance Agents, and Philip Baldwin, executive secretary of National Assn. of Mutual Insurance Agents.

#### Omaha Agency Names Two

Guy H. Williams, Jr., and Gay E. Miller have been appointed vice-presidents of Omaha Insurance Agency. Mr. Williams, a former commercial airplane pilot, joined the agency in 1947. Mr. Miller served as state agent for Royal-Liverpool since 1944 and is president of Nebraska Fire Prevention Assn.

## SOUTH

### Mutual Fire of Covington Host at Educational Day

Mutual Fire of Covington, Ky., was host to about 75 agents, field men and representatives of Western Adjustment, Underwriters Adjusting, and the Kentucky insurance department, at an all-day educational meeting. The agents on hand were members of Kentucky Assn. of Mutual Insurance Agents and the meeting was in charge of the members of the 1752 club.

Members of that club comprised a panel, they being, B. E. Andrews, Indiana Lumberman's Mutual; R. Kirby, Lumbermen's Mutual of Mansfield; J. C. Barber, of Northwestern Mutual Fire, and Donald Beiser, of Lumbermen's of Mansfield.

C. J. Baugh, associate insurance director of Kentucky, attended, and John J. Fish of Western Adjustment and Frank Kautz, Underwriters Adjusting, answered numerous questions.

During the morning there was a discussion of forms. Then there was a luncheon and the educational program ran throughout the afternoon.

#### Regional for Central Ky.

Among the speakers at a two-day meeting of Kentucky Assn. of Insurance Agents at Lexington were Insurance Director Southall, Charles Ball, assistant insurance director; J. C. Creel, attorney for the insurance department; Al Henn and J. M. Robbins of Louisville, Warren Johnson, Indianapolis; C. S. Gardner, Owensboro; H. E. Redmon, Ashland, Ky.; Clarence R. Rauter of N.A.I.A.; Sheridan C. Barnes of Elizabethtown, Ky., and J. C. Hulett of Frankfort. There were 200 central Kentucky agents in attendance.

#### General Opens Ky. Office

General of Seattle has opened a Kentucky service office at 112 South Fifth street in Louisville. Justin S. Lencke, field representative for the company in Kentucky for two years, will be in charge of the office. He will be assisted by Harry Garbade, George M. Smith,

who has been in claims work in Kentucky for many years, has joined the office as claims manager.

**W. Russell Briscoe**, vice-president of J. E. Lutz & Co., Knoxville, has been appointed to the executive council of Federation for Railway Progress. He is a charter member of the group and has served as representative of Group 2 (railroad security holders).

## COAST

### Biglen Pacific Board Chairman

J. L. Biglen of New York Underwriters has been elected chairman of the governing committee of Pacific Board.

The state committees consist of: Alaska, F. F. Owen; Arizona, H. C. Edmundson; California, L. S. Gregory; Hawaii, Richard Orlob; Idaho, J. G. Newman; Montana, R. L. Countryman; Nevada, Clarence Douglass; Oregon, C. M. Marshall; Utah, W. M. Houston.

Public relations chairman is H. S. Coburn; actuarial and research, F. J. Pelletier; legislative, R. H. Griffith; administrative, Mr. Edmundson; accounting and office procedure, R. J. Mayle; surplus line association, F. C. Beazley; California advisory farm committee, L. S. Gregory; and trade practices, Herbert Ryman.

### Four Coast Changes Made by Aetna Fire

Harold B. Murray, superintendent of agencies of Aetna Fire at Seattle, is being transferred to the Pacific department.

Sheffield McDonald, formerly special agent, has been promoted to superintendent of agencies to succeed Mr. Murray at Seattle and will have charge of fire and automobile production. Walter L. Krill, formerly in the Pacific department, has been transferred to Seattle as special agent in western Washington.

The marine department staff in the northwest is being augmented by the transfer of Howard A. Hendrickson, special agent, from San Francisco to Portland.

#### New Salt Lake Office

Joseph A. Ottenheimer and Arnold E. Burgener, co-managers of Transportation Insurance Agency of Salt Lake City held a formal opening of their new building.

Formerly quartered in the Pacific National Life building, the managers acquired a building on the fringe of the business district to allow for ample parking facilities, and then renovated it at a cost in excess of \$75,000.

Hundreds attended the open house in the two-story structure, which features use of terra cotta, aluminum and plate glass. Containing 2,600 feet, the agency utilizes the lower floor and leases upstairs space.

The agency was founded in 1930 by Mr. Ottenheimer. Mr. Burgener, formerly assistant manager of Union Trust Co., joined Mr. Ottenheimer in 1945. The agency employs 15 persons and represents 23 companies.

#### Frame to West Agency

V. L. Frame, for the past five years superintendent of the casualty department of O'Rourke, Berry & Daniels general agents, has resigned to go with the local agency of Rex B. West Denver.

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# BELVIDERE

OUTPOST IN THE WILDERNESS



*Belvidere near Wellsville, N.Y., has twenty-six rooms and thirteen fireplaces*



*Shaving mirror belonged to doctor who attended Hamilton in famous duel*

INDIANS and wild animals populated the wilderness in southwestern New York where Philip Church brought his bride in 1805. After studying law in this country and England, he had served as secretary and aide-de-camp to his uncle, Alexander Hamilton. Philip's wife was the former Anna Matilda Stewart of Philadelphia, daughter of General Walter Stewart. Though the rugged frontier life was a test of the young couple's fortitude, they quickly adapted themselves to the new conditions and played a prominent part in the region's growth and development.

The property, a vast 100,000-acre tract originally owned by Robert Morris, had been acquired in 1800 by Philip's father, John Barker Church, who gave his son half interest in return for assuming its administration. First making an exploratory expe-

dition, Philip chose the site for his farm and future home on the banks of the Genesee River. Here a sawmill and gristmill were built and then the home where he brought his bride. It was known as the White House because it was the only painted structure in western New York.

In 1810, Belvidere, the Churches' permanent home, was completed. Designed by Benjamin Latrobe, it was built of stones from a nearby creek and bricks made on the premises. Privately owned today, it is one of this country's purest examples of classic revival architecture.

The Churches maintained friendly relations with the neighboring Indians and always set aside choice farm lands for their use. Each spring the tribesmen planted corn at Belvidere, returning in the fall for the harvest. To Mrs. Church they gave the name Ye-nun-ke-a-wa, meaning "The first white woman who has come" and in Philip's absence during the war of 1812 they offered to place a guard around the house for her protection from enemy marauders.



*History records the tragedy caused by this brace of pistols*

Until fairly recent years a set of dueling pistols were among Belvidere's prized mementos. Originally belonging to John Barker Church, they were used on three occasions in which the Churches were more or less directly involved. The first was a duel between John Church and Aaron Burr, in which neither participant was injured. The second was the duel in which Philip acted as second to Alexander Hamilton's son Philip when young Hamilton was killed. The third, fought on the same spot, was the famous Hamilton-Burr duel in which Hamilton was fatally wounded.

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